



Louisiana

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2012



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**State of Louisiana
Comprehensive Annual Financial Report
for the Year Ended June 30, 2012**

BOBBY JINDAL
Governor



Prepared By
DIVISION OF ADMINISTRATION
KRISTY H. NICHOLS
Commissioner

On the Cover

Exploring Louisiana's Key Industries. Louisiana is home to strong traditional industries, such as petrochemicals and shipbuilding, as well as newer growth industries with strong foundations in technology and research. Our state continues to work aggressively to strengthen our business environment, diversify our economy, and promote business investment opportunities. Louisiana's key industries include:

- **Advanced Manufacturing:** A favorable income tax environment and strong infrastructure and logistics provide companies the resources they need to be successful and grow their business in Louisiana.
- **Agribusiness:** In Louisiana, agriculture is a multibillion-dollar industry, providing companies with access to innovative research centers and an abundance of raw materials and commodities.
- **Clean-Tech:** Clean-Tech companies can take advantage of Louisiana's skilled workforce, established manufacturing culture, and competitive tax advantages.

- **Digital Media and Software:** With the strongest incentive program in the U.S. for business software and a strong pro-business environment, digital media and software companies find success in Louisiana.
- **Energy:** For decades as an oil and gas leader, Louisiana's infrastructure, workforce, logistics, and regulatory environment present an ideal situation for energy businesses.
- **Entertainment:** With innovative incentives in digital media, live performance, motion picture, and sound recording, Louisiana's entertainment industry is thriving.
- **Specialty Health Care:** With bioscience centers located throughout the state and aggressive biotech and biomed initiatives under way, Louisiana is well-positioned to become a leader in specialty health care.
- **Water Management:** Louisiana's expertise in water management, combined with its geography, make it the perfect location for companies to take advantage of ground-breaking exploration.

Photo Credits

Front Cover:

- Top-left: Louisiana's State Capitol rises above the historic Pentagon Barracks. Photo courtesy of Louisiana Office of Tourism.
- Top-right: Louisiana National Guard members from the 2225th Multi-Role Bridge Company, 205th Engineer Battalion training for search and rescue missions in the Red River in Rapides Parish. The soldiers were staged at Camp Beauregard in the event search and rescue teams were needed from flooding along the Mississippi River. Louisiana National Guard photo by Sgt. Rebekah Malone.
- Center-left: The Haynesville Shale, one of the largest shale plays in the world, spans Bienville, Bossier, Caddo, DeSoto, Red River, and Sabine parishes. Photo courtesy of Louisiana Economic Development.
- Bottom-left: Agribusiness reaps many benefits for Louisiana companies. Photo courtesy of Louisiana Economic Development.
- Bottom-right: A crew filming in the New Orleans French Quarter. Photo courtesy of Louisiana Entertainment.

Back Cover:

- Top-left: Louisiana offers Clean-Tech companies many advantages. Photo courtesy of Louisiana Economic Development.
- Top-right: The nation's largest hospital construction projects are underway in the New Orleans BioDistrict. Photo courtesy of Louisiana Economic Development.
- Center-right: Moonbot Studios, based in New Orleans, is the creator of the Oscar®-winning digitally animated short film, "The Fantastic Flying Books of Morris Lessmore," and its companion iPad app. Photo courtesy of LED FastStart™.
- Bottom-left: Based in Slidell, La., Textron Marine & Land Systems is a world leader in the design and production of combat land vehicles and marine craft. Photo courtesy of Louisiana Economic Development.
- Bottom-right: Water Management. Photo courtesy of Louisiana Economic Development.



Bobby Jindal

Governor

State of Louisiana

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State of Louisiana

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I. INTRODUCTORY SECTION



State of Louisiana
Division of Administration
Office of the Commissioner

December 27, 2012

To: The Honorable Bobby Jindal, Governor,
Members of the Legislature, and the
People of the State of Louisiana

It is my privilege to present the Comprehensive Annual Financial Report (CAFR) on the financial condition of the State of Louisiana for the fiscal year ended June 30, 2012. The report was prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the Louisiana Revised Statutes.

The Division of Administration, Office of Statewide Reporting and Accounting Policy prepared the CAFR, with the objective of reporting the government's operations as a single unified entity, in addition to providing traditional fund-based financial statements.

The Division of Administration is responsible for the accuracy, completeness, and fair presentation of the data, representations, and disclosures presented in the CAFR. To the best of our knowledge and belief, the data presented are accurate in all material respects, reported in a manner designed to fairly present the financial position and results of operations, and provide disclosures necessary to enable the reader to gain an understanding of the financial activities and condition of the State.

The reporting entity of the State includes all primary government funds, and the activity of component units for which the State is financially accountable. Determination of the component units to be included in the CAFR was made in accordance with criteria established by GASB and is presented in Note 1, Section A of the financial statements.

GASB requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report.

INDEPENDENT AUDIT

The State of Louisiana's basic financial statements have been audited by the Office of the Legislative Auditor. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the State for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the basic financial statements of the State of Louisiana was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited internal controls of the government and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the separately issued Single Audit Report for the State of Louisiana.

ACCOUNTING AND BUDGETARY CONTROL

Management is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft, or misuse and that adequate accounting data are compiled to provide for the preparation of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework. We believe that the internal accounting controls of the State adequately safeguard assets and provide reasonable assurance of proper recording and reporting of financial transactions.

Final financial control is exercised through the budgetary system. Financial statements are presented in conformity with GAAP and are also presented on a non-GAAP budgetary basis to demonstrate legal compliance. Variances between the GAAP and non-GAAP budgetary presentations are caused by differences in reporting entity, accounting basis, and timing. The budgetary process is further described in Note 1 to the basic financial statements and the reconciliation between GAAP and non-GAAP budgetary basis fund balances is presented as required supplementary information.

PROFILE OF THE GOVERNMENT

Located on the Gulf of Mexico and bounded by Arkansas, Texas, and Mississippi, Louisiana serves a population of 4,575,000. The Executive, Judicial, and Legislative branches govern the State as provided by the Louisiana Constitution of 1974.

The State provides a variety of services to citizens including education, health care, public safety, road and highway development and maintenance, and recreation. These services are financed primarily through taxes, fees, mineral royalties, and federal revenues, which are accounted for by various funds (general fund, special revenue funds, capital project funds, etc.).

The State financial reporting entity includes 59 active component units, which are reported discretely in the financial statements. These component units include colleges and universities, boards and commissions, ports, levee districts, and other special purpose authorities.

THE GOVERNMENT'S MAJOR FISCAL INITIATIVES

One of the main focuses of the 2011 legislative session was passing the state's fiscal year 2012 budget. Article 7, Section 10 (F) of the Louisiana constitution requires the legislature to pass a balanced budget each year. Rather than raise taxes on Louisiana businesses and families, policymakers instead worked to make government live within its means by continuing to reform and restructure government to improve and protect critical services

Some of these efforts included:

- To transform health care services and improve outcomes, the Department of Health and Hospitals began instituting a plan to change the way Medicaid services are delivered from the current fee-for-service system to Coordinated Care Networks (CCN). In a CCN, patients are linked to a network that is responsible for coordinating their care with the goal of ensuring better access to primary and specialty care, while reducing unnecessary emergency room usage and hospitalizations.
- The Department of Children and Family Services, Department of Health and Hospitals, Office of Juvenile Justice and Department of Education worked in collaboration to develop a coordinated system of care – the Louisiana Behavioral Health Partnership – that will offer an integrated approach to providing services for at-risk children and youth serviced within the child welfare and juvenile justice populations.
- The Department of Transportation and Development (DOTD) undertook a major departmental reorganization and streamlining of operations, by eliminating the Office of Public Works and Intermodal Transportation, consolidating the organization by eliminating the executive position of Assistant Secretary of Public Works and Intermodal Transportation, integrating the staff and functions into other areas of DOTD, and relocating current operations of the Public Transportation Program into the Office of Planning and Programming.
- Following the previous year's implementation of the largest reorganization of a state agency in 25 years, the Department of Children and Family Services continued to consolidate its offices around the state, resulting in reduced leases, travel, and office supplies, through the utilization of online and phone technologies that allow clients to apply for assistance programs without coming to state offices.
- Louisiana State Police, the Governor's Office of Homeland Security and Emergency Preparedness, and the Office of Juvenile Justice worked to consolidate and share back-office functions such as human resources, information technology, and finance for the three agencies.
- The Department of Corrections expanded the use of technology to save money while maintaining public safety through equipping additional prisons with security cameras and shaker fences, and by expanding use of video court and telemedicine.

ECONOMIC OUTLOOK

In 2012 alone, Louisiana announced projects that will result in over 24,000 new jobs and more than \$18 billion in capital investment, bringing the five-year total to more than 63,000 new

jobs and more than \$28 billion in new capital investment. Indeed, across the state, Louisiana has seen economic development wins in the energy, technology, film, digital media and manufacturing industries that are diversifying and growing Louisiana's economy.

Louisiana—a state that once lagged behind in business climate rankings—now ranks in the top 10 of three major national business climate rankings. Louisiana has significantly outperformed the South and the U.S. in job creation and been among the top 10 states for private sector job growth since 2008. Per capita personal income has increased by more than \$2,700 in the last four years.

According to figures obtained from the Bureau of Labor Statistics, the unemployment rate in Louisiana decreased from 7.8% in the state fiscal year 2011 to 7.3% in state fiscal year 2012. During the same period, the U.S. unemployment rate decreased from 9.3% to 8.9%. The national economy is showing signs of growth. The economic outlook for the nation and the state is projected to be positive over the next two fiscal years.

The forecasts for the State of Louisiana are based on the following assumptions: 1) the national real gross domestic product is expected to be 1.5 percent in 2013 and 2.1 percent in 2014; 2) the consumer price index will remain at 2.0 percent in 2013 and 3) oil prices will remain steady at \$80-\$110 a barrel over the next two years and natural gas prices are expected to remain relatively low and stable at \$2.50 per mmbtu.

Louisiana's economy is quite diverse, as can be seen in comparing the Metropolitan Statistical Areas (MSAs) of Louisiana. Below are the forecasts for the major MSAs of Louisiana.

- New Orleans, the State's largest MSA, is projected to have a loss of 1,400 (-.4%) jobs in 2013 before rebounding with 4,000 (.7%) new jobs in 2014. In addition to large construction projects, several firms have announced they are either coming to or expanding in the New Orleans area, including GE Capital Technology Center, Associated Wholesale Grocers and the USDA Finance Center.
- Baton Rouge has the largest concentration of chemical industry employment and is home to the country's second largest refinery, three riverboat casinos and has a burgeoning film and digital gaming sector. It is estimated the Baton Rouge region will add 5,000 (1.4%) jobs in 2013 and an additional 4,000 (1.1%) jobs in 2014.
- Oil and Gas extraction activity in the Gulf of Mexico will continue providing an economic boost to the Lafayette and Houma MSAs, which are both dependent on the extraction industry. Lafayette is expected to add 5,800 (3.5%) jobs in 2013 and another 5,600 (3.3%) jobs in 2014, making Lafayette the fastest growing area of the State for the next two years. Houma is expected to add 2,800 (2.9%) jobs in 2013 and an additional 3,200 (3.2%) jobs in 2014.
- The Lake Charles MSA is expected to have several construction projects over the next two years. A large amount of the construction is associated with work to retrofit LNG import terminals to export terminals and building a new casino. Potential projects could create the largest construction boom in history. This area is expected to add 2,300 (2.6%) jobs in 2013 and another 2,800 (3.1%) jobs in 2014.

- The Shreveport-Bossier MSA area will struggle in the upcoming year due to closure of the General Motors plant and a dramatic decline in activity in the Haynesville Shale. Ronpak's headquarters has relocated to the Caddo-Bossier Port. The Shreveport-Bossier MSA is expected to add 600 (0.3%) jobs in 2013 and another 1,000 (.6%) jobs in 2014.
- The Monroe MSA is projected to add 300 (0.4%) jobs between 2013 and 2014. Century Link and Chase Mortgage continue to be major employers for the area.
- Private employers in the Alexandria MSA are expected to add new jobs over the next two years. Sutherland Global, the Jena Tribe Casino, and Sundrop Fuels have announced employment expansions in the area. The Alexandria MSA is expected to have job growth over the next two years, adding 1,100 (1.8%) jobs in 2013 and another 600 (0.9%) jobs in 2014.

As a whole, Louisiana enjoys very positive prospects in the future and is projected to add 22,700 (1.2%) jobs in 2013 and another 27,500 (1.4%) jobs in 2014. This represents a new employment record for the state.

The information for the economic discussion is from The Louisiana Economic Outlook: 2013 and 2014, by Loren C. Scott, James A. Richardson, and Judy S. Collins, published in October 2012.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Louisiana for its CAFR for the fiscal year ended June 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation in government financial reporting.

In order to be awarded a Certificate of Achievement, a government must publish a CAFR that is easily readable and efficiently organized, and whose contents conform to program standards. The CAFR must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

ACKNOWLEDGEMENTS

In conclusion, I wish to express my appreciation to the staff of the Office of Statewide Reporting and Accounting Policy for their professionalism, dedication, and expertise in preparing this report, as well as their commitment to maintaining the highest standards of accountability in financial reporting. I also wish to thank the agency fiscal officers and accountants whose contributions helped make this report possible.

Sincerely yours,



Kristy H. Nichols
Commissioner of Administration

KHN:AA

CERTIFICATE OF ACHIEVEMENT

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Sandison

President

Jeffrey R. Emer

Executive Director

PRINCIPAL STATE OFFICIALS

Executive (Elected)

Bobby Jindal
Governor
Jay Dardenne
Lieutenant Governor
J. Thomas "Tom" Schedler
Secretary of State
James D. "Buddy" Caldwell
Attorney General
John Neely Kennedy
Treasurer
Dr. Mike Strain
Commissioner of Agriculture and Forestry
James J. Donelon
Commissioner of Insurance

Legislative (Elected)

Charles E. "Chuck" Kleckley
Speaker of the House of Representatives
John Alario
President of the Senate

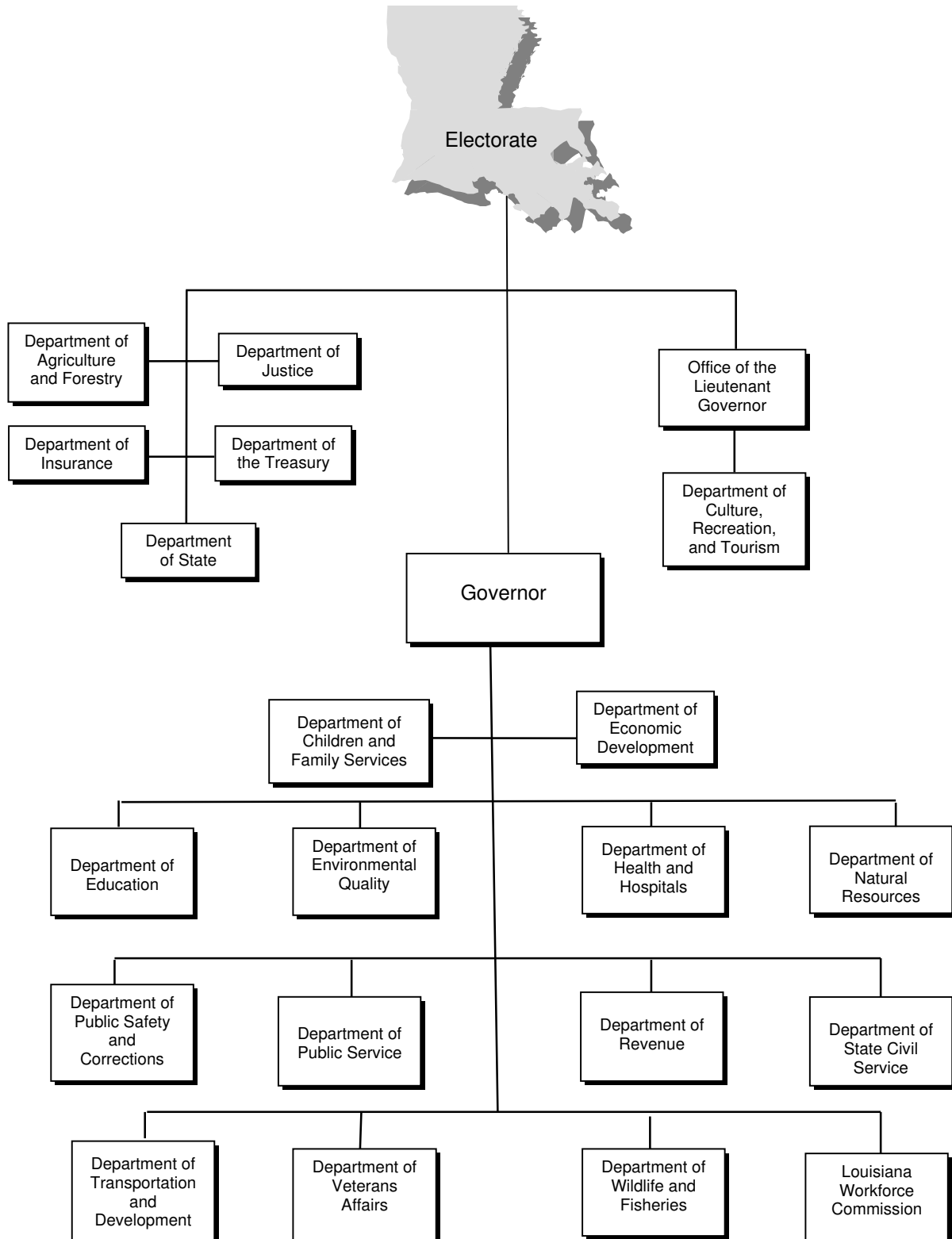
Judicial (Elected)

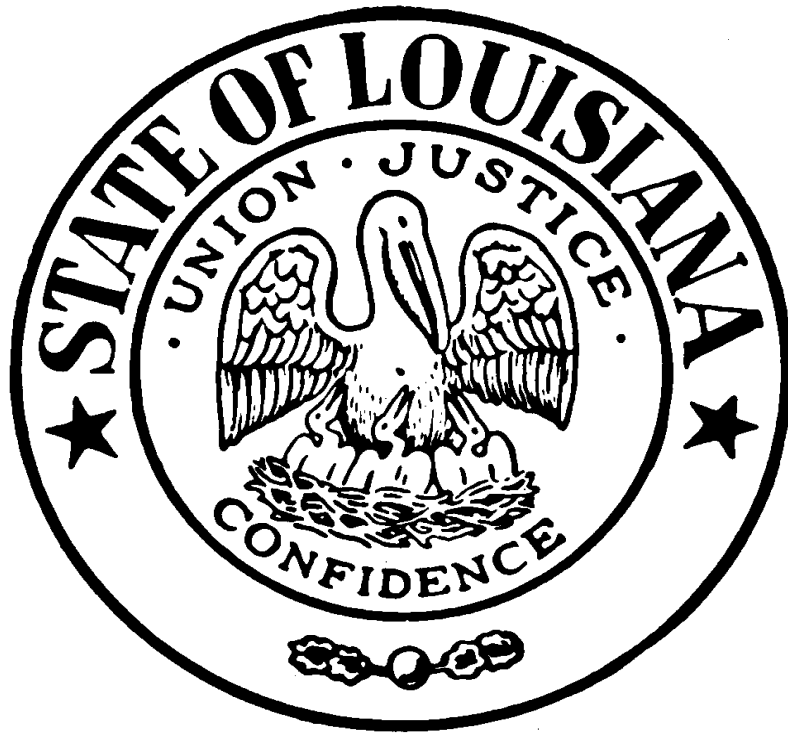
Catherine D. "Kitty" Kimball
Chief Justice of the Supreme Court of Louisiana

Executive (Appointed)

Suzy Sonnier
Secretary of Children and Family Services
Jay Dardenne
Secretary of Culture, Recreation, and Tourism
Stephen Moret
Secretary of Economic Development
John White
State Superintendent of Education
Peggy M. Hatch
Secretary of Environmental Quality
Bruce D. Greenstein
Secretary of Health and Hospitals
Stephen Chustz
Secretary of Natural Resources
James M. LeBlanc
Secretary of Public Safety and Corrections
Colonel Michael D. Edmonson
Deputy Secretary of Public Safety and Corrections
Superintendent, Office of State Police
Eve Kahao Gonzalez
Secretary of Public Service Commission
Tim Barfield
Secretary of Revenue
Shannon S. Templet
Director of State Civil Service
Sherri LeBas
Secretary of Transportation and Development
Lane Carson
Secretary of Veterans Affairs
Robert Barham
Secretary of Wildlife and Fisheries
Curt Eysink
Executive Director of Louisiana Workforce Commission

STATE ORGANIZATIONAL CHART





II. FINANCIAL SECTION



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 27, 2012

Independent Auditor's Report

Honorable Bobby Jindal, Governor
Honorable John A. Alario, Jr., President, and
Members of the Senate
Honorable Charles E. "Chuck" Kleckley, Speaker, and
Members of the House of Representatives
State of Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the state's basic financial statements as listed in the table of contents. These financial statements are the responsibility of management of the State of Louisiana. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain pension trust funds, enterprise funds, and component units of government included within the basic financial statements of the State of Louisiana, which represent the following percentages of their related opinion units:

Opinion Unit	Percentage of Total Assets	Percentage of Net Assets or Fund Balance	Percentage of Revenues (Including Additions)
General Fund	0.4%	0.8%	0.1%
Business-Type Activities	1.7%	1.2%	4.3%
Aggregate Discretely Presented Component Units	38.6%	39.2%	15.1%
Aggregate Remaining Funds (pension trust funds)	78.9%	79.8%	40.2%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the previously mentioned pension trust funds, enterprise funds, and component units, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the LSU Foundation, the Tiger Athletic Foundation, and the LSU Health Sciences Foundation in Shreveport, all component units of the Louisiana State University System (major component unit); the University Facilities, Inc., the University of Louisiana Monroe Facilities, Inc., and the NSU Facilities Corporation, all component units of the University of Louisiana System (major component unit); and the SUSLA Facilities, Inc., a component unit of the Southern University System (major component unit), which were audited by other auditors upon whose reports we are relying, were audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Louisiana, as of June 30, 2012, and the respective changes in financial position and, where applicable, the cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in note 6 to the financial statements, the actuarial accrued liability for the Louisiana State Employees' Retirement System and the Teachers' Retirement System of Louisiana (Systems) is reported as \$16,157,898,000 and \$24,540,080,000, respectively, at June 30, 2012. These actuarial valuations were based on various assumptions made by the Systems' actuary including an investment return assumption of 8.25%. Because this investment return assumption may or may not be indicative of the actual future investment returns and could be overly optimistic in that regard, there is a risk that the reported actuarial accrued liability for each of the Systems at June 30, 2012, could be understated.

As disclosed in note 10 to the financial statements, the Patient's Compensation Fund, formerly a major enterprise fund, was reclassified as an investment trust fund for those investments held and managed in the State Treasury.

In accordance with *Government Auditing Standards*, a report on our consideration of the state's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters will be issued under separate cover in the *State of Louisiana Single Audit Report*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report, upon its issuance, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that *Management's Discussion and Analysis* and the *Required Supplementary Information Other Than Management's Discussion and Analysis* presented on pages 15 through 26 and 115 through 117, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Louisiana's basic financial statements. The accompanying Introductory Section (pages 1 through 9), the Budgetary Comparison Schedule - Budget to Actual - Bond Security and Redemption Fund (page 119), the Combining and Individual Fund Statements and Schedule - Nonmajor Funds (pages 122 through 157), and the Statistical Section (pages 159 through 186) listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Budgetary Comparison Schedule - Budget to Actual - Bond Security and Redemption Fund and the Combining and Individual Fund Statements and Schedule - Nonmajor Funds have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the reports of the other auditors, the Budgetary Comparison Schedule - Budget to Actual - Bond Security and Redemption Fund and the Combining and Individual Fund Statements and Schedule - Nonmajor Funds are fairly stated in all material respects in relation to the basic financial statements as a whole. The Introductory Section and the Statistical Section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

BC:THC:DGP:ch

CAFR2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) of the financial performance of the State of Louisiana presents a narrative overview and analysis of the financial activities of the State for the year ended June 30, 2012. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the transmittal letter presented on pages 1 - 5 and the financial statements of the State, which begin on page 28.

FINANCIAL HIGHLIGHTS

- **Government Wide:**

Net Assets – The assets of the primary government exceeded its liabilities at the close of the fiscal year by \$14.2 billion, a decrease of 8.6% from the prior fiscal year. This amount includes \$5 billion in restricted assets that are not available to pay the general obligations of the State.

Invested in capital assets, net of related debt, for the primary government totaled \$11.6 billion for fiscal year 2012, a decrease of \$414 million (3.4%) from fiscal year 2011.

Changes in Net Assets – The change in net assets for the primary government for fiscal year 2012 was a decrease of \$724 million compared to a decrease of \$202 million in fiscal year 2011; an additional decrease of \$522 million.

- **Fund Level:**

As the State completed the year, its governmental funds (as presented in the balance sheet on page 31) reported a total fund balance of \$7.5 billion (a 7.6% decrease from the prior year balance). Unassigned fund balance constitutes 1.7% of this total and has no constraints upon its use. The remainder of this fund balance is not available for spending because it has already been dedicated to other purposes.

- **Long-term Debt:**

The State's long-term obligations for governmental activities increased by \$565 million (5.1%). The major portion of this increase in debt is due to an increase in bonds payable of \$206 million (3%), and in other post employment benefits of \$174 million (8.9%).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the Basic Financial Statements of the State of Louisiana, which are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

This report also contains Required Supplementary Information in addition to the Basic Financial Statements.

Government-wide Financial Statements – Reporting the State as a Whole

The government-wide financial statements are designed to provide readers with a broad overview of the finances of the State of Louisiana as a whole, and are prepared in a manner similar to a private sector business. The statements provide both short-term and long-term information about the financial position of the State, which helps in assessing the economic condition of the State at the end of the fiscal year. These reports are prepared using the flow of economic resources measurement focus and the accrual basis of accounting, methods that are similar to those used by most businesses by taking into account all revenues earned and expenses incurred in the fiscal year, regardless of when cash is received or paid.

The government-wide financial statements include the following two statements:

State of Louisiana

The Statement of Net Assets (page 28) presents the current and long-term portions of the assets and liabilities of the State separately and is the basic government-wide statement of position at fiscal year end. Using the format of assets minus liabilities equal net assets, this statement reports the governmental activities separately from its business-type activities. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The Statement of Activities (page 30) presents information showing how the net assets of the State changed as a result of current year operations and how those operations were financed. This statement presents expenses before revenues to emphasize the fact that revenues are generated expressly for providing services, rather than as an end in themselves. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused leave).

Both government-wide statements report three types of activities:

Governmental Activities – The activities in this section are primarily supported by taxes and intergovernmental revenues (federal grants). Most services normally associated with State government fall into this section and they include general government; culture, recreation and tourism; transportation and development; public safety; health and welfare; corrections; youth services; conservation and environment; and education.

Business-type Activities – These activities normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities operated by the State include the Unemployment Trust Fund and the Clean Water State Revolving Fund, among others.

Component units – Component units are legally separate organizations for which the elected officials of the government are financially accountable or have significant influence in governing board appointments. Among the component units included are public colleges and universities, the Louisiana Stadium and Exposition District, the Louisiana Housing Corporation, and the Louisiana Lottery Corporation. For a list of the component units included in the government-wide statements, see Note 1 (page 45) of the notes to the basic financial statements.

Fund Financial Statements

The fund financial statements begin on page 31 and provide more detailed information than the government-wide statements by providing information about the most significant funds of the State. A fund is a grouping of related accounts used to maintain control over resources, which are segregated for specific activities or objectives. The State of Louisiana uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For governmental activities, fund financial statements indicate how these services were financed in the short-term as opposed to the government-wide statements, which present a long-term view of the State finances. The three categories into which the funds of the State can be classified are governmental funds, proprietary funds, and fiduciary funds.

Governmental funds account for most of the functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on short-term inflows and outflows of expendable resources and the balances of these resources available at fiscal year end. Such information may be useful in evaluating the current financing requirements of the State. Governmental funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

GASB Statement 34 has shifted the focus of governmental fund financial statements from fund types to major funds. Louisiana accounts for its activities in 56 active funds; of this total, 21 are governmental funds, 18 are proprietary funds, and 17 are fiduciary in nature. Information is presented separately on the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance for the funds determined to be major funds; the remaining governmental funds are presented in a single column on these statements. Combining statements for these funds are presented on pages 122 - 128 of this report.

Proprietary funds encompass enterprise funds and internal service funds. When the State charges customers for the services it provides, whether to outside customers (enterprise funds) or to other state agencies (internal service funds), the services are generally reported in the proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds apply the accrual

basis of accounting utilized by private sector businesses. Internal service funds are used to accumulate and allocate costs internally among the various functions of the State. Because the internal service funds mainly benefit governmental rather than business-type functions, they are included in the governmental activities in the government-wide financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support State programs. The State is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The fiduciary fund category includes pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-114 of this report.

Required Supplementary Information (RSI)

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules for the General Fund, which can be found on page 115 of this report.

THE STATE AS A WHOLE

Government-wide Financial Analysis

The State's overall financial position and results of operations for the past two years for the primary government are summarized in the following statements based on the information included in the government-wide financial statements:

Statement of Net Assets (in thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 13,893,024	\$ 14,826,467	\$ 1,972,039	\$ 2,742,047	\$ 15,865,063	\$ 17,568,514
Capital assets	14,799,228	15,134,906	377,077	386,457	15,176,305	15,521,363
Total assets	28,692,252	29,961,373	2,349,116	3,128,504	31,041,368	33,089,877
Other liabilities	4,829,103	5,265,954	68,993	142,795	4,898,096	5,408,749
Long-term debt outstanding	11,730,459	11,165,890	198,454	963,752	11,928,913	12,129,642
Total liabilities	16,559,562	16,431,844	267,447	1,106,547	16,827,009	17,538,391
Invested in capital assets, net of related debt	11,466,833	11,862,399	200,294	218,826	11,667,127	12,081,225
Restricted	4,580,471	5,008,705	839,363	906,600	5,419,834	5,915,305
Unrestricted	(3,914,614)	(3,341,575)	1,042,012	896,531	(2,872,602)	(2,445,044)
Total net assets	\$ 12,132,690	\$ 13,529,529	\$ 2,081,669	\$ 2,021,957	\$ 14,214,359	\$ 15,551,486

State of Louisiana

Net Assets:

As noted earlier, the overall financial position for the State decreased (8.6%) from the previous year with net assets decreasing to \$14.2 billion. Net assets for governmental activities decreased by \$1.4 billion (10.3%) and net assets for business-type activities increased by \$59.7 million (2.9%). The largest portion of the net assets of the State, \$11 billion (82%), reflects investment in capital assets (e.g., land, roads, buildings, machinery, and equipment) net of related debt. These net assets are used to provide services to residents of the State, and consequently are not available for future spending. Capital assets decreased by \$336 million (2.2%), due mainly to the adjustments made to the State's new capital asset inventory system.

In contrast, current and other assets (e.g., cash, investments, receivables, and inventory) totaled \$15.9 billion (51%) of total assets at fiscal year-end; the State uses these resources in part to repay debt associated with capital assets. The current and other assets of the State at June 30, 2012, represent a 9.7% decrease from the prior fiscal year. Cash and investments have decreased by \$1.7 billion (16%) largely due to a change in reporting with the removal of a business-type activity entity (Patient's Compensation Fund Oversight Board) from the State's CAFR and due to budget shortfalls.

Restricted net assets represent those assets not available for spending as a result of legislative or constitutional requirements, donor agreements, or grant requirements. Restricted net assets decreased by \$428 million (8.6%) from the previous fiscal year for governmental activities, reflecting a decrease in assets restricted for purposes other than debt service and capital projects of \$555 million (11.2%). A portion of this decrease is due to a reduction in federal revenue in FY 2012.

Restricted net assets for funds held as permanent investments decreased by \$23 million (1%) over last year. The decrease was due to a reclassification of fund types. For example, restricted funds held for education purposes for local governments were reported in the primary government (Education Excellence Fund) last year and are now being reported in the fiduciary section (Education Excellence Local Government Investment Trust Fund) in the 2012 CAFR. At June 30, 2012, the State had \$2.5 billion restricted as nonexpendable permanent fund principal and \$151 million restricted as expendable portions of permanent funds.

Restricted net assets decreased by \$67 million (7.4%) for business-type activities, due primarily to a decrease in the amount restricted for unemployment compensation, which is reported in the Unemployment Trust Fund. Balances in the fund continue to decrease reflecting the relatively high number of unemployment claims following lay-offs, which were related to the downturn in the nation's economy.

For fiscal year 2012, unrestricted net assets decreased by \$573 million (17%) from the previous year for governmental activities. Several factors accounted for this decrease, including an increase in Other Postemployment Benefits (OPEB) liability of \$174 million, an increase in liabilities relating to derivative instruments of \$136 million, an increase in pollution remediation obligations of \$48 million, and increases in various other liabilities. Although revenues decreased and expenditures decreased, expenditures still exceeded revenues which resulted in the decline of net assets. A more detailed explanation of the change in revenues is provided on page 21.

Unrestricted net assets increased by \$145 million (16%) for business-type activities. This increase is due to the removal of the Patient's Compensation Fund Oversight Board from the Comprehensive Annual Financial Report.

Changes in Net Assets:

(on the following page)

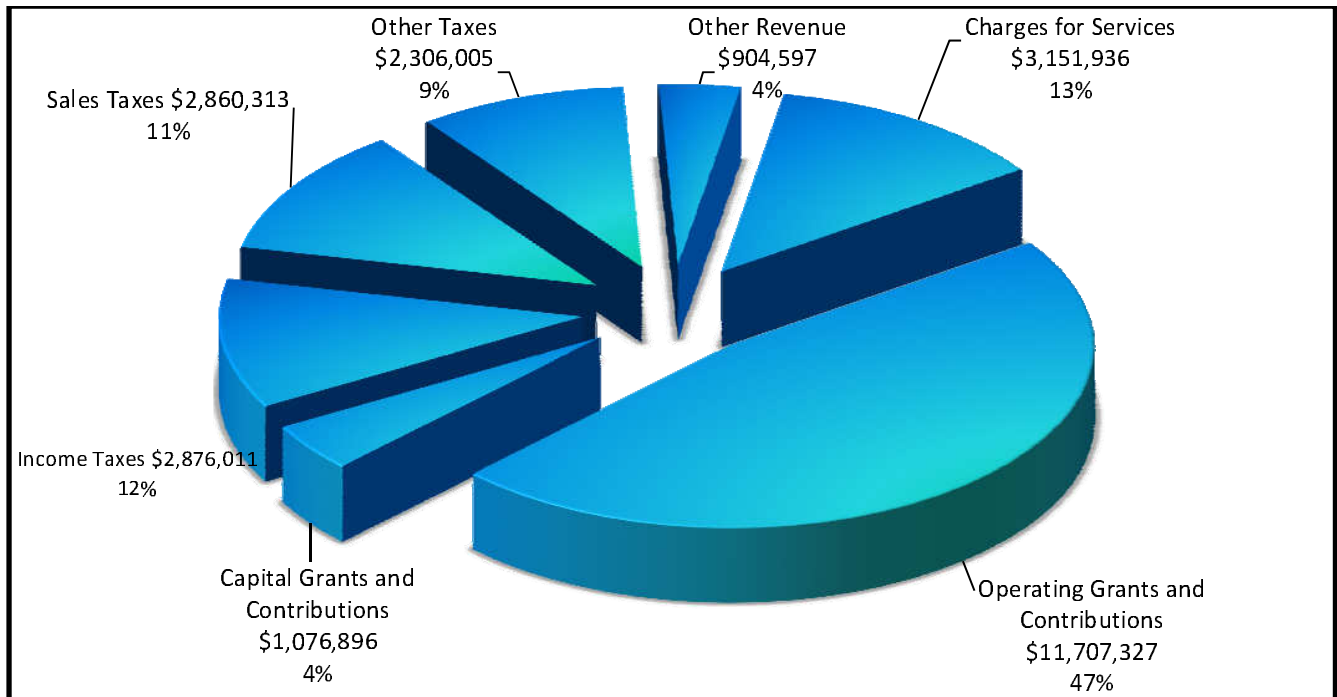
Changes in Net Assets						
(in thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 3,151,936	\$ 3,509,709	\$ 361,923	\$ 567,276	\$ 3,513,859	\$ 4,076,985
Operating grants and contributions	11,707,327	11,390,940	212,490	376,724	11,919,817	11,767,664
Capital grants and contributions	1,076,896	2,403,996	49,127	107,519	1,126,023	2,511,515
General revenues:						
Income taxes	2,876,011	2,665,804	--	--	2,876,011	2,665,804
Sales and use taxes	2,860,313	2,821,598	--	--	2,860,313	2,821,598
Other taxes	2,306,005	2,175,861	--	--	2,306,005	2,175,861
Other	904,597	971,261	3,739	14,483	908,336	985,744
Total revenues	<u>24,883,085</u>	<u>25,939,169</u>	<u>627,279</u>	<u>1,066,002</u>	<u>25,510,364</u>	<u>27,005,171</u>
Expenses:						
Governmental activities:						
General government	5,308,576	6,497,216	--	--	5,308,576	6,497,216
Culture, recreation and tourism	92,741	110,078	--	--	92,741	110,078
Transportation and development	1,500,182	1,370,238	--	--	1,500,182	1,370,238
Public safety	326,627	337,149	--	--	326,627	337,149
Health and welfare	9,769,203	9,335,925	--	--	9,769,203	9,335,925
Corrections	633,544	671,436	--	--	633,544	671,436
Youth services	116,791	134,274	--	--	116,791	134,274
Conservation and environment	364,234	372,703	--	--	364,234	372,703
Education	6,614,109	6,602,774	--	--	6,614,109	6,602,774
Other	25,407	78,078	--	--	25,407	78,078
Intergovernmental	505,680	430,763	--	--	505,680	430,763
Interest on long-term debt	332,586	255,491	--	--	332,586	255,491
Business-type activities:						
Patient's Compensation	--	--	--	126,324	--	126,324
Unemployment Trust Fund	--	--	537,217	761,747	537,217	761,747
Other	--	--	107,503	123,340	107,503	123,340
Total expenses	<u>25,589,680</u>	<u>26,196,125</u>	<u>644,720</u>	<u>1,011,411</u>	<u>26,234,400</u>	<u>27,207,536</u>
Net increase (decrease) before transfers	(706,595)	(256,956)	(17,441)	54,591	(724,036)	(202,365)
Transfers in (out)	77,050	1,609	(77,050)	(1,609)	--	--
Net increase (decrease)	<u>(629,545)</u>	<u>(255,347)</u>	<u>(94,491)</u>	<u>52,982</u>	<u>(724,036)</u>	<u>(202,365)</u>
Net Assets—Beginning, as restated	<u>12,762,235</u>	<u>13,784,876</u>	<u>2,176,160</u>	<u>1,968,975</u>	<u>14,938,395</u>	<u>15,753,851</u>
Net Assets—Ending	<u>\$ 12,132,690</u>	<u>\$ 13,529,529</u>	<u>\$ 2,081,669</u>	<u>\$ 2,021,957</u>	<u>\$ 14,214,359</u>	<u>\$ 15,551,486</u>

Governmental Activities - Net assets decreased by \$1.4 billion from prior year, with a \$1 billion decrease in total revenue and a \$606 million decrease in total expenses. Contributing to the decline in revenues and expenses are the reduction in the Federal Medical Assistance Percentages (FMAP), which reduced federal revenues by \$507 million and expenses by \$248 million, and the winding down of disaster recovery programs for hurricane damage in 2005 and 2008, which reduced federal revenue by \$156 million and expenses by \$379 million. In addition, revenue declined due to the reduction in the estimation of disaster recovery accruals.

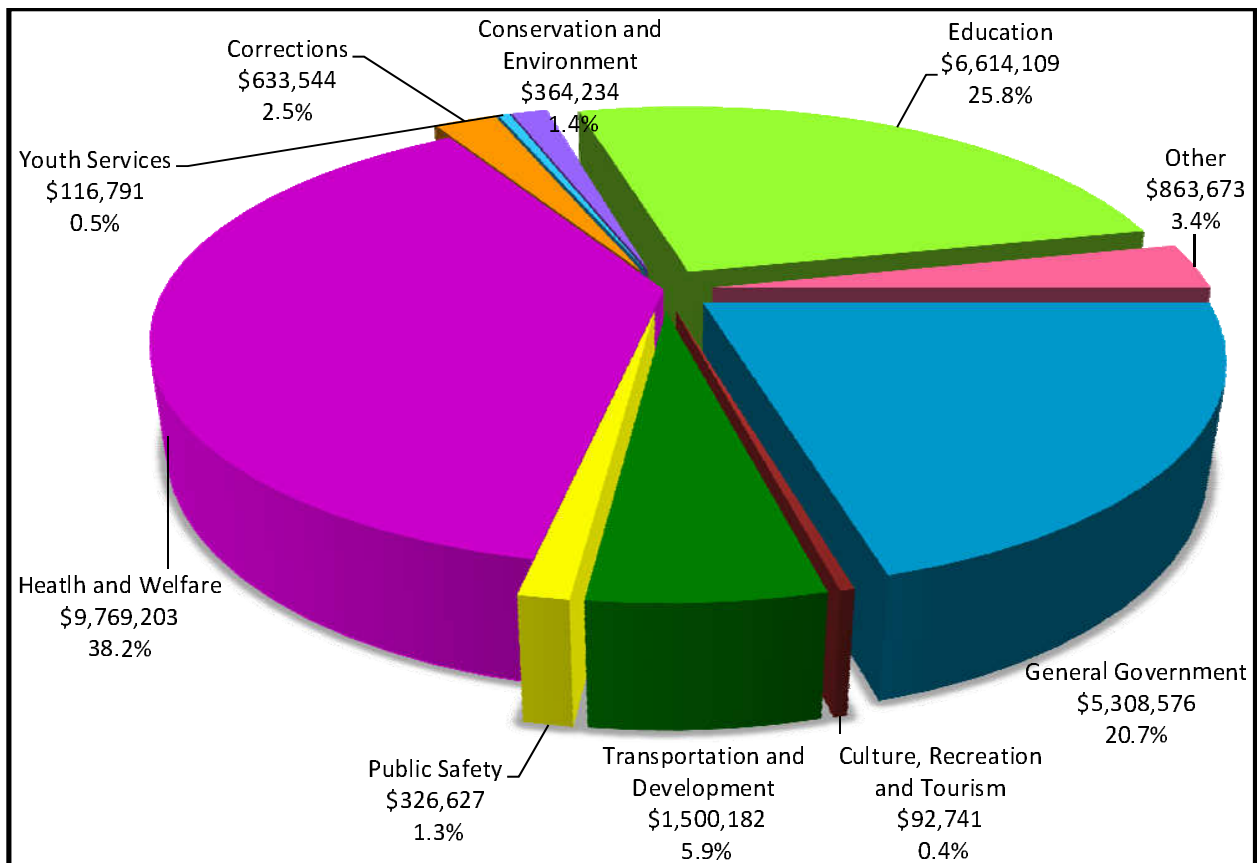
Approximately 47% of the State's total revenue came from operating grants and contributions, 32% from taxes, and 13% from charges for services (see chart below). Sales tax collections increased by \$39 million from the prior year. The largest expenses were for health and welfare (38.1%), education (25.8%) and general government (20.8%) as depicted in the second chart below.

State of Louisiana

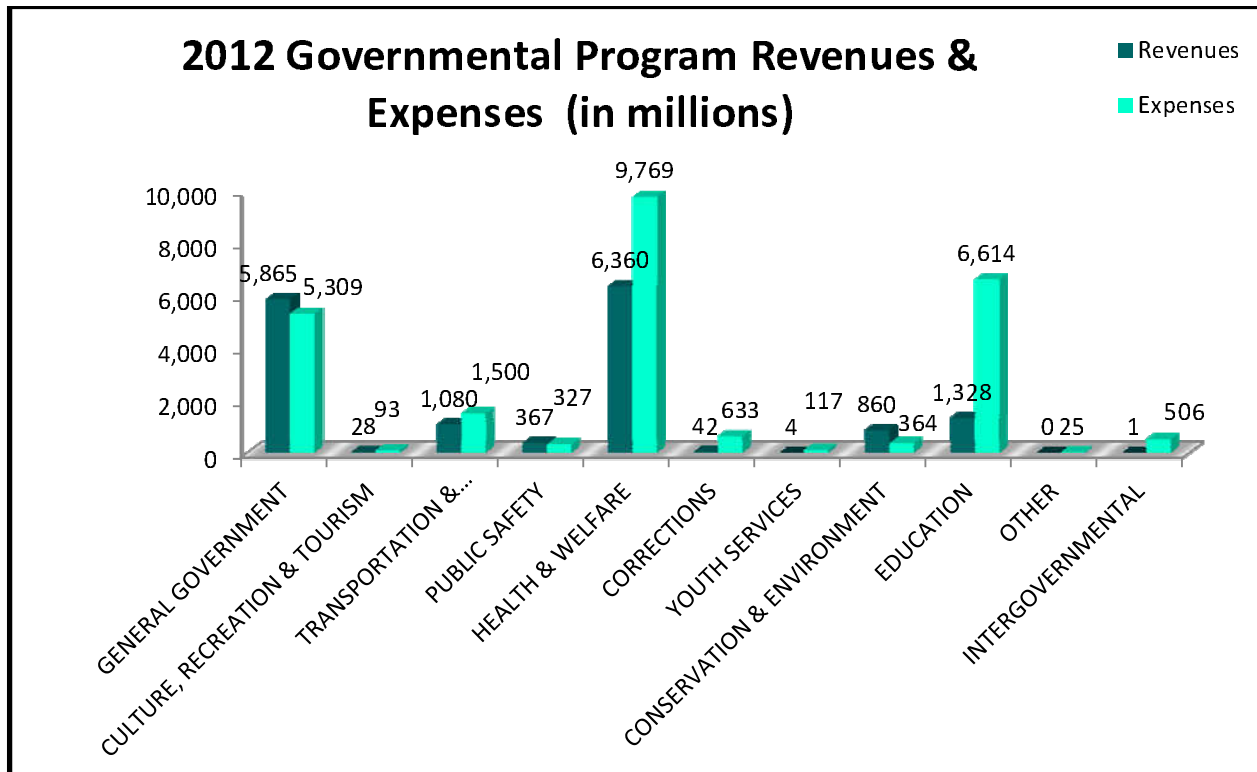
The following chart depicts the governmental activities' revenues by source for the fiscal year (in thousands):



The following chart depicts the governmental activities' expenses by function for the fiscal year (in thousands):

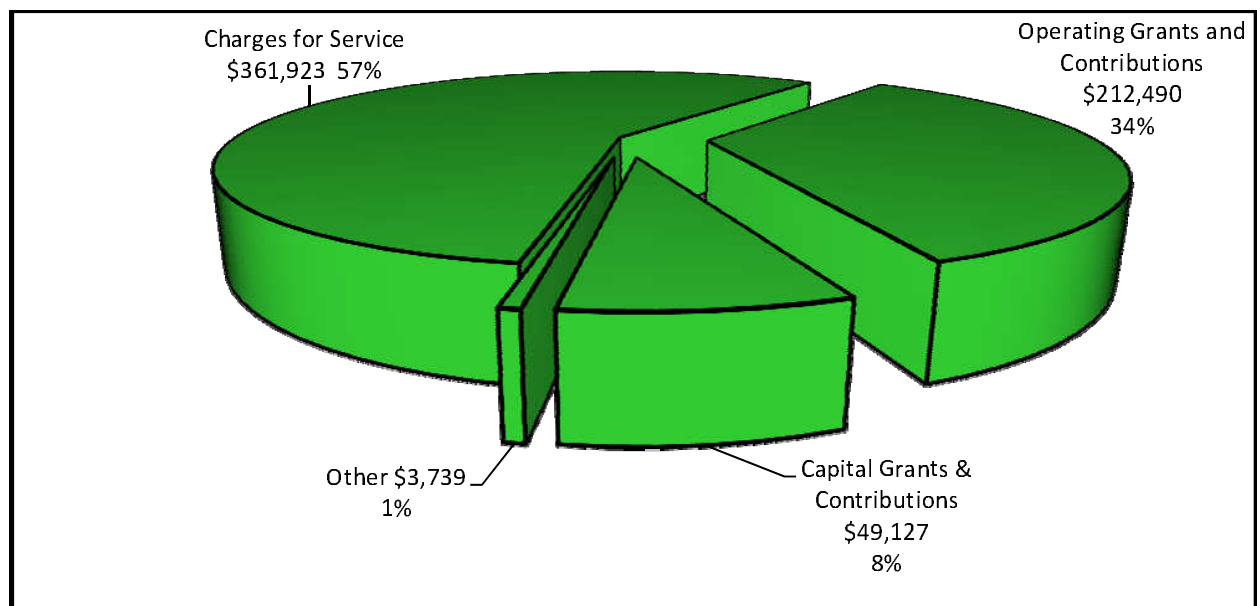


The following chart depicts the governmental activities' program revenues and expenses for the 2012 fiscal year:



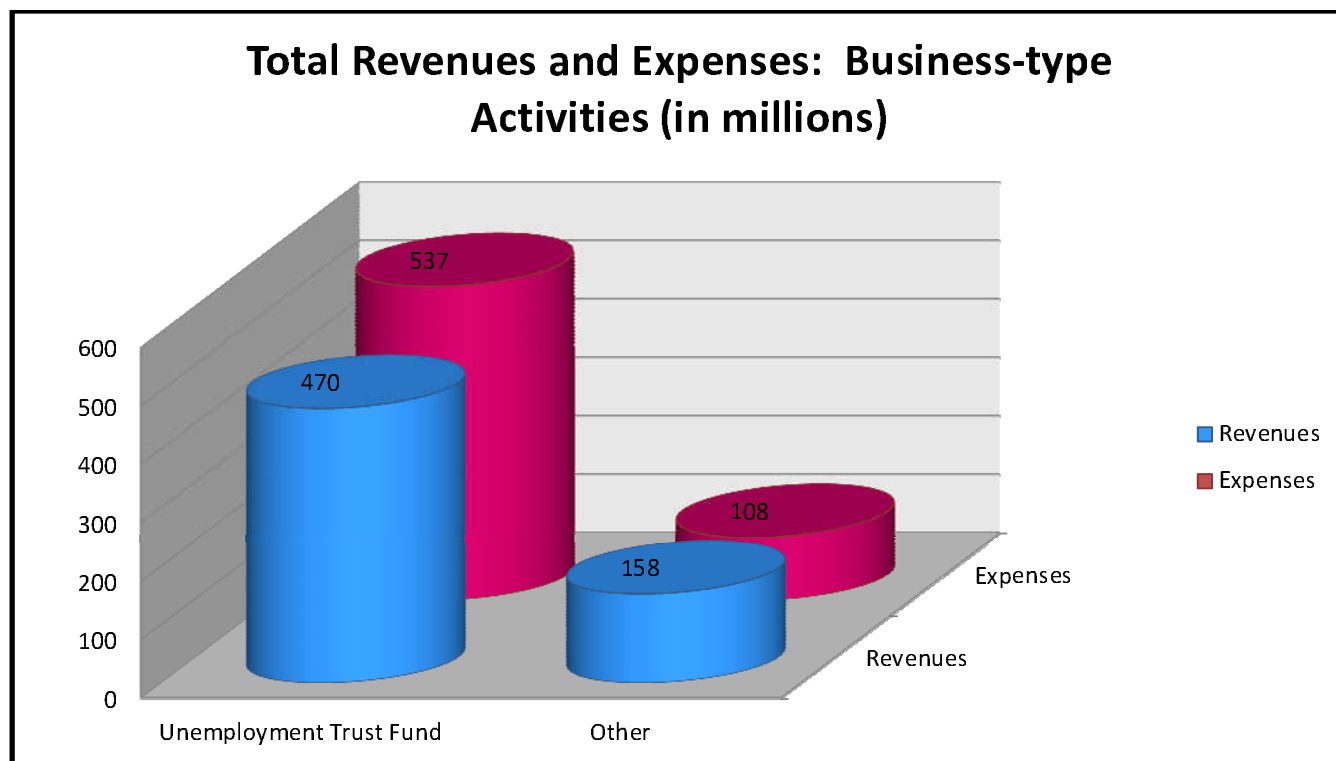
Business-Type Activities – Net assets increased by \$60 million (3%) from the prior year balance. Charges for services of \$362 million accounted for much of the total revenue (57%), while operating grants and contributions provided \$212 million (34%) and capital grants and contributions provided \$49 million (8%) of the total revenues. The largest component of business-type activity expenses was attributable to the Unemployment Trust Fund, which accounts for 83% of the total. For fiscal year 2012, the Patient's Compensation Oversight Board was removed from the CAFR therefore causing a decrease in total business-type revenues and expenditures.

The following chart depicts business-type activities' revenues for the 2012 fiscal year (in thousands):



State of Louisiana

The following chart depicts the business-type activities' revenues and expenses (including transfers) for fiscal year 2012:



FINANCIAL ANALYSIS OF THE FUNDS OF THE STATE

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and to assist in the management of its budgetary operations.

Governmental Funds

The major governmental funds are the General Fund, Bond Security and Redemption Fund, the Capital Outlay Escrow Fund, and the Louisiana Education Quality Trust Fund. The General Fund is the main operating fund of the State. The Bond Security and Redemption Fund (BSRF) receives all monies deposited into the State Treasury except federal funds, donations, or other forms of assistance. The BSRF pays all obligations secured by the full faith and credit of the State that are due and payable in the current fiscal year. The Capital Outlay Escrow Fund accounts for the capital outlay expenditures of state government, state institutions and other public entities as appropriated in the annual Capital Outlay Act. The Louisiana Education Quality Trust Fund uses funds received from the federal government from mineral production or leases on the outer continental shelf; receipts are used to improve the quality of education in Louisiana.

The fund balance of the General Fund decreased by \$298 million from the prior year. For more details on fund balance classifications see Note 1, Summary of Significant Accounting Policies (page 45).

The following table ranks the revenue sources with the largest annual percentage growth and a \$15 million or higher increase over the prior fiscal year:

Annual Revenue Increases Greater than \$15 Million

Revenue Source	Annual Change (Million \$)	Annual Change (%)
Corporate Franchise and Income Tax	111.7	42.6
Severance Tax	88.8	11.7
Individual Income Tax	81.2	3.4
Tobacco Settlement	79.3	133.8
Motor Vehicle Sales	46.7	16.9
Motor Vehicle License	28.7	30.0
Royalties	15.5	3.1

The corporate collections were the major reason for the increase in actual collections versus the revenue forecast. Nationwide data were showing high corporate earnings for some time, and at some point this would be reflected in corporate collections. Given the slow economy, it is to be seen whether such a trend is sustainable. The second revenue stream to come in higher than projected was the severance tax, reflecting the higher oil prices.

The following table identifies the revenue sources with a decline of \$25 million or more during Fiscal Year 2011/12:

Annual Revenue Decreases Greater than \$25 Million

Revenue Source	Annual Change (Million \$)	Annual Change (%)
Various Agency Receipts	-38.6	-49.4
Motor Fuels plus Special Fuels	-32.5	-5.3
Interest Earnings (Self-Generated)	-30.5	-27.9

Motor fuels collections have been falling due to a slow economy. Interest earnings on the State General Fund are expected to decline, given the low interest environment the national economy is experiencing now for some time, since the start of the recession.

General Fund expenditures decreased by \$730 million (3.04%) from the previous year. The major reason for the decrease is legislative budget reductions in fiscal year 2012.

The Bond Security and Redemption Fund revenues increased by \$408 million (3.7%) in fiscal year 2012, mainly due to increases in tax collections and collections for licenses, permits, and fees. The Louisiana Education Quality Trust Fund reported interest earnings of \$2.9 million (a 32.8% decrease) and an increase in the fair value of investments of \$35 million.

Proprietary Funds

The major enterprise fund of the State is the Unemployment Trust Fund. The Unemployment Trust Fund accounts for 40% of the net assets of the enterprise funds. Combined net assets for the enterprise funds increased by \$59.7 million compared to the prior fiscal years' ending balance. This was primarily due to a decline in the expenses of the Unemployment Trust Fund that is discussed in the next paragraph and the removal of the Patients Compensation Fund Oversight Board from the CAFR. In addition to the major fund, enterprise funds also include the Louisiana Gulf Opportunity Zone Loan Fund, the Drinking Water Revolving Loan Fund, and 8 other non-major enterprise funds.

The Unemployment Trust Fund accounts for the Unemployment Insurance Program in the State. Expenses for the Fund decreased by more than \$224 million (29.5%) and revenues decreased by \$157 million (25%). The decrease in expenses was caused by a reduction in the number of people qualifying for unemployment insurance benefits. The unemployment rate declined in the State for the second consecutive year.

State of Louisiana

GENERAL FUND BUDGETARY HIGHLIGHTS

Supplemental appropriations are usually approved before the end of the fiscal year based on revisions to estimated revenues by the Revenue Estimating Conference (REC) and the needs of various departments and programs. These supplemental appropriations are included in the final budget. Transfers between funds provide additional resources to make up the difference between revenues and expenditures. Final budgeted revenues were approximately \$629 million greater than originally budgeted, and final budgeted expenditures were approximately \$644 million greater than originally budgeted. Final budgeted revenues and expenditures in excess of original budgeted amounts include, but are not limited to, a decrease in expenditures due to the BP oil spill, Security Lending & Unclaimed Property collections exceeding budget, and increased Transportation Trust Fund revenue.

The State is still recovering from the devastation caused by Hurricanes Katrina and Rita in 2005 and Hurricanes Gustav and Ike in 2008. The U.S. Department of Housing and Urban Development provided grants for disaster recovery from the hurricanes. These programs are still in place and are one of the major reasons that actual revenues and expenditures were less than the final budgeted amounts for FY 2012-- \$1.8 billion for revenues and \$2.7 billion for expenditures. The budgeted amount for the majority of federal grants is based upon the remaining grant balances, which decrease each year as expenses are incurred. The remaining portion of the grants for disaster recovery programs, the two years remaining on the grants, was placed in the State's budget for fiscal year 2012 because it was unknown how much money would be expended for the fiscal year. Ultimately, the State spent approximately \$1.08 billion on disaster recovery programs and was reimbursed by the federal government for these expenditures.

Additional reasons that actual revenues and expenditures are less than the final budgeted revenues and expenditures are mid-year budget reductions and an overall state spending freeze. Also, lower than expected activity resulted in unexpended budget authority in oil spill funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

(net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Land	\$ 2,179,942	\$ 2,225,727	\$ 4,498	\$ 4,421	\$ 2,184,440	\$ 2,230,148
Buildings and Improvements	1,603,264	1,708,798	20,178	15,113	1,623,442	1,723,911
Equipment	161,500	163,915	5,366	5,444	166,866	169,359
Infrastructure	7,876,365	7,329,282	336,850	100,188	8,213,215	7,429,470
Intangible Assets	75,641	81,716	184	273	75,825	81,989
Construction-in-Progress	2,902,516	3,625,468	10,001	261,018	2,912,517	3,886,486
Total	<u>\$ 14,799,228</u>	<u>\$ 15,134,906</u>	<u>\$ 377,077</u>	<u>\$ 386,457</u>	<u>\$ 15,176,305</u>	<u>\$ 15,521,363</u>

Capital Assets

Investment in capital assets for governmental and business-type activities of the State as of June 30, 2012, totaled approximately \$14.8 billion and \$377 million (net of accumulated depreciation), respectively. Approximately 66.4% of combined governmental and business-type capital assets are depreciable. Investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, highways, and bridges. The decrease in investment in governmental capital assets for the current fiscal year is \$336 million (2.22%). As mentioned earlier, the decrease was caused primarily by adjustments made to the State's new capital asset inventory system.

Infrastructure increased by about \$784 million, which can mainly be attributed to the Transportation Infrastructure Model for Economic Development (TIMED) Program. The \$5.2 billion program was approved over 20 years ago and it involves specific transportation projects that includes widening 536 miles of state highways to four lanes on 11 project corridors, widening and/or new construction on major bridges spanning the Mississippi River and improvements to both the Port of New Orleans and Louis Armstrong International Airport. The program is designed to enhance economic development and improve safety and evacuation routes through an investment in infrastructure.

The investment in capital assets for business-type activities decreased by \$9 million (2.43%) over fiscal year 2012 because Patient's Compensation Oversight Board no longer meets the criteria for inclusion in the State's CAFR; it was reported as a BTA entity last year.

Refer to Note 5 – "Capital Assets" on page 72 for more details of the changes in capital assets.

Outstanding Debt General Obligation and Revenue Bonds (in thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 2,761,800	\$ 2,559,600	\$ --	\$ --	\$ 2,761,800	\$ 2,559,600
Revenue bonds and notes	4,079,635	4,178,280	203,372	197,155	4,283,007	4,375,435
Deferred amounts	261,203	158,750	(28,778)	(30,049)	232,425	128,701
Total	\$ 7,102,638	\$ 6,896,630	\$ 174,594	\$ 167,106	\$ 7,277,232	\$ 7,063,736

Debt Administration

The State authorizes, issues, and sells debt obligations. General obligation bonds issued by the State are backed by the full faith and credit of the State. The State also issues revenue obligations, which are secured by a pledge of revenues or property derived from the operations of a program funded by the issuance of the obligations.

In fiscal year 2012, \$400,000,000 in general obligation bonds were issued for the financing of certain capital projects. The Louisiana Bond Commission also authorized the issuance of \$803,080,000 of Gasoline and Fuels Tax revenue refunding bonds, 2012 Series A-1, to reduce its total gross debt service payments over the next 23 years. Taking advantage of low interest rates, \$611,490,000 of general obligation bonds were issued to refund previously issued bonds.

Bond ratings for general obligation debt remained stable at AA as rated by Fitch. Moody's rating remained stable at Aa2. Details on long-term debt, including debt authorization and limitations are discussed in Note 8, Long-Term Obligations (page 96).

State of Louisiana

ECONOMIC FACTORS

(The Louisiana Economic Outlook: 2013 and 2014, by Loren C. Scott, James A. Richardson, and Judy S. Collins, published in October 2012; the U.S. Census Bureau; and press releases from the Louisiana Department of Economic Development.)

A number of new firms have been announced for Louisiana's rural parishes including Nucor, NuStar, and Petroplex in St. James Parish, Conagra in Richland Parish, DG Foods in Morehouse Parish, and a BP claims processing unit in Tangipahoa Parish.

Louisiana reached a settlement with MOEX, one of the responsible parties in the Deepwater Horizon disaster regarding Clean Water Act penalties associated with the oil spill. The State of Louisiana will receive \$6.75 million for remediation of environmental damages and \$6.75 million for the Coastal Protection and Restoration Authority's Coastal Forest Conservation Initiative.

In November of 2011, Sundrop Fuels announced it will build a \$450 million biofuels refinery in the Alexandria area. The refinery will bring 150 new direct jobs and an estimated 1,150 indirect jobs. The biofuels plant will salvage wood waste from forest in Central Louisiana and adjacent regions and use that biomass as a feedstock. Sundrop Fuels will also extract hydrogen from abundant supplies of Louisiana natural gas, combining hydrogen in a proprietary reactor with carbon extracted from the wood waste.

In November of 2011, the Federal Emergency Management Agency (FEMA) awarded Louisiana an additional \$389.6 million in Hazard Mitigation Grant Program funds. The funds will be used to continue Louisiana's efforts to mitigate future losses after Hurricane Katrina. The funds will be allocated directly to parish governments based upon their level of hurricane damage.

In February of 2012, NuStar Energy announced a \$365 million capital investment that will expand the company's St. James Terminal creating 32 new direct jobs and an estimated 269 indirect jobs in Southeast Louisiana. The project will increase NuStar's tank storage capacity at the Mississippi River site from 8 million barrels to 11 million barrels.

Requests for Information

This financial report is designed to provide a general overview of the State's finances for interested parties. Questions concerning any of the information provided in this report or requests for additional financial information may be obtained by writing to the Office of Statewide Reporting and Accounting Policy, P.O. Box 94095, Baton Rouge, LA 70804-9095 or by telephoning (225) 342-0708. The component units of the State issue their own audited financial reports. Telephone numbers for these entities can also be obtained from the Office of Statewide Reporting and Accounting Policy. This report is available on our website at <http://www.doa.louisiana.gov/osrap/cafr-2.htm>.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS



State of Louisiana

STATEMENT OF NET ASSETS

JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	PRIMARY GOVERNMENT				
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS	
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 4,209,477	\$ 1,153,836	\$ 5,363,313	\$	1,997,919
INVESTMENTS	3,528,113	18,389	3,546,502		2,457,415
DEFERRED OUTFLOW OF RESOURCES	117,966	--	117,966		23,701
RECEIVABLES (NET)	2,363,938	78,593	2,442,531		578,112
AMOUNTS DUE FROM PRIMARY GOVERNMENT	--	--	--		78,041
AMOUNTS DUE FROM COMPONENT UNITS	151,231	--	151,231		--
DUE FROM FEDERAL GOVERNMENT	3,016,148	7,326	3,023,474		77,158
INTERNAL BALANCES	94	(94)	--		--
INVENTORIES	71,092	7,571	78,663		47,206
PREPAYMENTS	393,690	117	393,807		32,854
NOTES RECEIVABLE	--	703,313	703,313		231,199
OTHER ASSETS	41,275	2,988	44,263		154,850
CAPITAL ASSETS (NOTE 5)					
LAND	2,179,942	4,498	2,184,440		389,108
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	1,603,264	20,178	1,623,442		3,352,229
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	161,500	5,366	166,866		413,456
INFRASTRUCTURE (NET OF DEPRECIATION)	7,876,365	336,850	8,213,215		361,475
INTANGIBLE ASSETS (NET OF AMORTIZATION)	75,641	184	75,825		33,978
CONSTRUCTION IN PROGRESS	2,902,516	10,001	2,912,517		813,712
TOTAL ASSETS	28,692,252	2,349,116	31,041,368		11,042,413
LIABILITIES					
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	3,041,256	6,042	3,047,298		481,592
ACCRUED INTEREST ON BONDS	48,242	--	48,242		--
DEFERRED INFLOW OF RESOURCES	--	--	--		4,204
AMOUNTS DUE TO PRIMARY GOVERNMENT	--	--	--		151,231
AMOUNTS DUE TO COMPONENT UNITS	78,041	--	78,041		--
DUE TO FEDERAL GOVERNMENT	582,619	6,781	589,400		5,349
DUE TO LOCAL GOVERNMENTS	12,098	--	12,098		--
UNEARNED REVENUE	544,230	11,642	555,872		302,845
TAX REFUNDS PAYABLE	236,755	--	236,755		--
UNCLAIMED PROPERTY LIABILITY	125,437	--	125,437		--
AMOUNTS HELD IN CUSTODY FOR OTHERS	--	209	209		36,483
OTHER LIABILITIES	160,425	44,319	204,744		69,927
CURRENT PORTION OF LONG-TERM LIABILITIES (NOTE 8):					
COMPENSATED ABSENCES	22,050	257	22,307		25,073
CAPITAL LEASE OBLIGATIONS	927	23	950		5,890
NOTES PAYABLE	230	103	333		18,932
BONDS PAYABLE	306,513	--	306,513		251,714
POLLUTION REMEDIATION OBLIGATIONS	57,744	--	57,744		120
ESTIMATED LIABILITY FOR CLAIMS	382,541	--	382,541		166,694
OTHER LONG-TERM LIABILITIES	4,669	277	4,946		11,695
NONCURRENT PORTION OF LONG-TERM LIABILITIES (NOTE 8):					
COMPENSATED ABSENCES	179,922	1,662	181,584		192,988
CAPITAL LEASE OBLIGATIONS	414	--	414		55,336
NOTES PAYABLE	205	2,064	2,269		112,656
BONDS PAYABLE	6,796,125	174,594	6,970,719		3,997,815
OPEB PAYABLE	2,138,672	19,474	2,158,146		1,351,625
POLLUTION REMEDIATION OBLIGATIONS	22,290	--	22,290		80
ESTIMATED LIABILITY FOR CLAIMS	1,548,703	--	1,548,703		45,888
DERIVATIVE INSTRUMENTS	128,050	--	128,050		91,095
DERIVATIVE INSTRUMENTS - BORROWING PAYABLE	72,504	--	72,504		--
OTHER LONG-TERM LIABILITIES	68,900	--	68,900		98,761
TOTAL LIABILITIES	16,559,562	267,447	16,827,009		7,477,993

The notes to the financial statement are an integral part of this statement.

	PRIMARY GOVERNMENT		TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES		
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	11,466,833	200,294	11,667,127	3,573,251
RESTRICTED FOR:				
BUDGET STABILIZATION	442,934	--	442,934	--
CAPITAL PROJECTS	157,200	--	157,200	31,605
COMPONENT UNITS	--	--	--	194,635
CONSERVATION AND ENVIRONMENT	457,369	--	457,369	--
CORRECTIONS	1,539	--	1,539	--
CULTURE, RECREATION, AND TOURISM	816	--	816	--
DEBT SERVICE	14,314	5,907	20,221	290,055
EDUCATION	48,483	--	48,483	--
GENERAL GOVERNMENT	209,267	--	209,267	--
HEALTH AND WELFARE	107,830	--	107,830	--
OTHER PURPOSES	--	2,055	2,055	--
PUBLIC SAFETY	1,752	--	1,752	--
TRANSPORTATION AND DEVELOPMENT	521,568	--	521,568	--
UNEMPLOYMENT COMPENSATION	--	831,401	831,401	--
YOUTH SERVICES	632	--	632	--
PERMANENT FUNDS AND ENDOWMENTS:				
NONEXPENDABLE	2,466,207	--	2,466,207	718,876
EXPENDABLE	150,560	--	150,560	1,021,270
UNRESTRICTED	(3,914,614)	1,042,012	(2,872,602)	(2,265,272)
TOTAL NET ASSETS	<u>\$ 12,132,690</u>	<u>\$ 2,081,669</u>	<u>\$ 14,214,359</u>	<u>\$ 3,564,420</u>

State of Louisiana

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

					NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			

The notes to the financial statements are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major Funds

GENERAL FUND

The General Fund, the principal operating fund of the State, was established administratively to provide for the distribution of funds appropriated by the State Legislature for the ordinary expenses of state government. Transactions related to resources that are not accounted for in other funds are accounted for in the General Fund. Revenues are provided from the direct deposit of federal grants and the transfer of state revenues from the Bond Security and Redemption Fund after debt service requirements have been met.

BOND SECURITY AND REDEMPTION FUND

This fund is used to provide for the collection of all money deposited into the State Treasury except federal funds, donations or other forms of assistance when the terms and conditions of the related agreements require otherwise.

Each fiscal year, an amount is allocated from this fund sufficient to pay all obligations secured by the full faith and credit of the state, due and payable, within the current fiscal year, including principal, interest, premiums, and sinking or reserve funds. Except as otherwise provided by law, money remaining in the fund is credited to the General Fund.

LOUISIANA EDUCATION QUALITY TRUST FUND

Once requirements of the Bond Security and Redemption Fund have been met, certain funds received from the federal government attributable to mineral production or leases on the outer continental shelf are deposited by the Treasurer in this fund. The funds are held in a trustee capacity and interest earned is used for various educational purposes.

CAPITAL OUTLAY ESCROW FUND

The Capital Outlay Escrow Fund was created to provide for the capital outlay expenditures of the State as appropriated in the annual capital outlay appropriations act. The fund accounts for a large volume of ongoing and new construction, routine maintenance and repairs, as well as repairs and renovations related to the damage caused by hurricanes. The fund is financed by bond issues, federal funds, self-generated revenues, statutory dedications, and appropriations by the Louisiana Legislature.

State of Louisiana

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	GENERAL FUND	BOND SECURITY AND REDEMPTION FUND	CAPITAL OUTLAY ESCROW FUND	LOUISIANA EDUCATION QUALITY TRUST FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:						
CASH AND CASH EQUIVALENTS	\$ 2,484,779	\$ 353,779	\$ 687,044	\$ 42,488	\$ 636,529	\$ 4,204,619
INVESTMENTS	656,088	--	27,278	1,112,510	1,632,568	3,428,444
RECEIVABLES (NET)	390,933	1,536,243	14,100	31	11,208	1,952,515
DUE FROM OTHER FUNDS	989,873	174,036	124,158	1,640	83,508	1,373,215
AMOUNTS DUE FROM COMPONENT UNITS	132,435	18,796	--	--	--	151,231
DUE FROM FEDERAL GOVERNMENT	2,507,502	--	2,020	--	77,531	2,587,053
INVENTORIES	70,707	--	--	--	--	70,707
PREPAYMENTS	393,188	--	--	--	--	393,188
OTHER ASSETS	317	--	--	--	--	317
TOTAL ASSETS	\$ 7,625,822	\$ 2,082,854	\$ 854,600	\$ 1,156,669	\$ 2,441,344	\$ 14,161,289
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
ACCOUNTS PAYABLE AND ACCRUALS	\$ 2,283,147	\$ 68	\$ 258,956	\$ --	\$ 17,289	\$ 2,559,460
TAX REFUNDS PAYABLE	--	236,755	--	--	--	236,755
UNCLAIMED PROPERTY LIABILITY	125,437	--	--	--	--	125,437
OTHER PAYABLES	9,064	--	--	--	--	9,064
DUE TO OTHER FUNDS	190,899	1,029,867	89	4,850	147,412	1,373,117
AMOUNTS DUE TO COMPONENT UNITS	73,847	--	--	4,194	--	78,041
DUE TO FEDERAL GOVERNMENT	582,619	--	--	--	--	582,619
DUE TO LOCAL GOVERNMENTS	12,098	--	--	--	--	12,098
DEFERRED REVENUES	485,724	816,164	112,324	--	--	1,414,212
ESTIMATED LIABILITY FOR CLAIMS	225,778	--	--	--	--	225,778
OTHER LIABILITIES	--	--	--	--	34	34
TOTAL LIABILITIES	3,988,613	2,082,854	371,369	9,044	164,735	6,616,615
FUND BALANCES:						
NONSPENDABLE	70,707	--	--	1,075,786	1,390,421	2,536,914
RESTRICTED	1,405,987	--	31,871	71,839	828,701	2,338,398
COMMITTED	1,809,517	--	451,360	--	57,487	2,318,364
ASSIGNED	223,490	--	--	--	--	223,490
UNASSIGNED	127,508	--	--	--	--	127,508
TOTAL FUND BALANCES	3,637,209	--	483,231	1,147,625	2,276,609	7,544,674
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,625,822	\$ 2,082,854	\$ 854,600	\$ 1,156,669	\$ 2,441,344	\$ 14,161,289

The notes to the financial statements are an integral part of this statement.

State of Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

(Expressed in Thousands)

Total Fund Balances - Governmental Funds \$ 7,544,674

Amounts reported for governmental activities in the Statement of Net Assets are different due to the following:

Capital assets used in governmental activities are not financial resources and are not reported in the fund financial statements. These assets consist of the following:

Land	\$ 2,179,641	
Buildings and Improvements	2,340,077	
Machinery and Equipment	800,331	
Infrastructure	22,851,423	
Intangible Assets	102,870	
Construction in Progress	2,902,516	
Accumulated Depreciation and Amortization	<u>(16,379,434)</u>	14,797,424

Net assets of the Internal Service Funds are reported separately in the proprietary funds, but are consolidated for the government-wide statements. 37,064

Bonds issued by the State have associated costs that are paid from current available financial resources in the funds. These costs are deferred on the Statement of Net Assets. 34,542

The annual required contributions of certain pension trust funds have been under-funded, creating a year-end liability, which is not reported in the funds. (160,391)

The other postemployment benefits (OPEB) annual required contributions of certain governmental funds have been under-funded, creating a year-end liability, which is not reported in the funds. (2,130,280)

The pollution remediation obligations established under GASB 49 represent amounts not accrued at the fund level because of their long-term nature. (25,882)

Some liabilities are not due and payable in the current period and are not reported in the funds. These liabilities consist of the following:

Compensated Absences	(201,398)	
Capital Lease Obligations	(1,341)	
Bonds Payable	(7,102,638)	
Estimated Liabilities for Claims	(1,705,466)	
Accrued Interest Payable	(48,242)	
Derivative Instruments	(10,084)	
Derivative Instruments - Borrowing Payable	<u>(72,504)</u>	(9,141,673)

Some of the State's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and are deferred or not reported in the funds. Those revenues consist of the following:

Accounts Receivable	402,939	
Due From Federal Government	429,095	
Deferred Revenues	816,164	
Prepayments	<u>473</u>	1,648,671

Some payables do not meet the criteria for reporting under the modified accrual basis of accounting and are not reported in the fund level statements. (471,459)

Net Assets of Governmental Activities \$ 12,132,690

The notes to the financial statements are an integral part of this statement.

State of Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	GENERAL FUND	BOND SECURITY AND REDEMPTION FUND	CAPITAL OUTLAY ESCROW FUND	LOUISIANA EDUCATION QUALITY TRUST FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
INTERGOVERNMENTAL REVENUES	\$ 11,601,915	\$ 87,165	\$ 316,222	\$ --	\$ 924,719	\$ 12,930,021
TAXES	--	7,769,398	--	--	157,907	7,927,305
GAMING	--	831,227	--	--	--	831,227
TOBACCO SETTLEMENT	--	56,496	--	--	84,744	141,240
USE OF MONEY AND PROPERTY	(20,092)	802,219	(2,043)	35,028	29,815	844,927
LICENSES, PERMITS, AND FEES	4,014	838,570	--	--	69,139	911,723
SALES OF COMMODITIES AND SERVICES	--	948,106	--	--	--	948,106
POLLUTION REMEDIATION SETTLEMENT	13,996	--	--	--	--	13,996
OTHER	60,251	204,612	--	555	40	265,458
TOTAL REVENUES	11,660,084	11,537,793	314,179	35,583	1,266,364	24,814,003
EXPENDITURES						
CURRENT:						
GENERAL GOVERNMENT	4,819,183	7,852	--	--	--	4,827,035
CULTURE, RECREATION, AND TOURISM	90,700	--	--	--	1,234	91,934
TRANSPORTATION AND DEVELOPMENT	435,706	--	--	--	19,627	455,333
PUBLIC SAFETY	307,151	--	--	--	1,500	308,651
HEALTH AND WELFARE	9,884,320	--	--	--	--	9,884,320
CORRECTIONS	601,057	--	--	--	--	601,057
YOUTH SERVICES	110,992	--	--	--	--	110,992
CONSERVATION AND ENVIRONMENT	247,954	--	--	--	--	247,954
EDUCATION	6,287,826	--	--	24,326	--	6,312,152
OTHER	15,751	--	--	--	89	15,840
INTERGOVERNMENTAL	445,401	--	--	--	60,279	505,680
CAPITAL OUTLAY	--	--	2,000,974	--	--	2,000,974
DEBT SERVICE:						
PRINCIPAL RETIREMENT	38,265	195,205	--	--	48,105	281,575
INTEREST AND FISCAL CHARGES	26,721	119,190	--	--	171,360	317,271
TOTAL EXPENDITURES	23,311,027	322,247	2,000,974	24,326	302,194	25,960,768
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,650,943)	11,215,546	(1,686,795)	11,257	964,170	(1,146,765)
OTHER FINANCING SOURCES (USES)						
TRANSFERS IN	11,424,226	79,481	1,141,868	60,284	689,817	13,395,676
TRANSFERS OUT	(126,718)	(11,367,270)	(36,759)	(20,664)	(1,767,418)	(13,318,829)
PAYMENTS TO REFUNDED BOND ESCROW AGENT	--	(701,526)	--	--	(894,646)	(1,596,172)
LONG-TERM DEBT ISSUED	--	611,490	400,000	--	803,080	1,814,570
LONG-TERM DEBT ISSUED - PREMIUMS	--	162,279	--	--	91,566	253,845
TOTAL OTHER FINANCING SOURCES (USES)	11,297,508	(11,215,546)	1,505,109	39,620	(1,077,601)	549,090
NET CHANGE IN FUND BALANCES	(353,435)	--	(181,686)	50,877	(113,431)	(597,675)
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	3,996,210	--	664,917	1,096,748	2,390,040	8,147,915
DECREASE IN RESERVES FOR INVENTORIES	(5,566)	--	--	--	--	(5,566)
FUND BALANCES AT END OF YEAR	\$ 3,637,209	\$ --	\$ 483,231	\$ 1,147,625	\$ 2,276,609	\$ 7,544,674

The notes to the financial statements are an integral part of this statement.

State of Louisiana

Reconciliation of the Change in Fund Balances of Governmental Funds to the Statement of Activities

(Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds \$ (597,675)

Amounts reported for governmental activities in the Statement of

Activities are different due to the following:

Governmental funds report capital outlays as expenditures. In the Statements of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. Those capital outlay expenditures consist of the following:

Land	\$ (884)	
Buildings and Improvements	(53,943)	
Machinery and Equipment	(448)	
Infrastructure	466,627	
Intangible Assets	(8,234)	
Construction in Progress	<u>(20,223)</u>	382,895

Revenues and expenses in the statement of activities that do not provide current financial resources are not reported as revenues and expenditures in the funds. (81,942)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets.

Bond Proceeds and Premiums Received	(2,061,528)	
Repayment of Bond Principal	281,760	
Payment to Refunded Bond Escrow Agent	<u>1,596,170</u>	(183,598)

The net results of current year operations of internal service funds is included in the net income of the proprietary funds, but is presented as part of the primary government for government-wide statements. (5,147)

Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities reported on the Statement of Net Assets and have been eliminated from the Statement of Activities. Those expenditures consists of:

Compensated Absences	11,823	
Capital Lease Obligations	1,565	
Accrued Interest Payable	(42,342)	
Estimated Liabilities for Claims	45,318	
Unamortized Bond Premium	35,755	
OPEB Payable	(173,435)	
Pollution Remediation Obligations	10	
Deferred Charges - Bond Discounts	(513)	
Deferred Charges - Issuance Costs	(3,571)	
Deferred Charges - Refunding Costs	<u>(13,122)</u>	(138,512)

Revenues and expenses relating to changes in inventory are not reported in the funds. Current year inventory activity must be reported on the government-wide statements. (5,566)

Change in Net Assets of Governmental Activities \$ (629,545)

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUND FINANCIAL STATEMENTS

PROPRIETARY FUND FINANCIAL STATEMENTS

Major Fund

UNEMPLOYMENT TRUST FUND

The Unemployment Trust Fund accounts for the unemployment insurance contributions from employers and for the payment of unemployment benefits to eligible claimants.

BALANCE SHEET

PROPRIETARY FUNDS

JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNEMPLOYMENT TRUST FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	
ASSETS				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 809,753	\$ 342,030	\$ 1,151,783	\$ 4,858
RESTRICTED CASH AND CASH EQUIVALENTS	--	1,727	1,727	--
INVESTMENTS	--	9,668	9,668	71,870
RESTRICTED INVESTMENTS	--	--	--	16,162
RECEIVABLES (NET)	71,569	5,605	77,174	8,484
DUE FROM FEDERAL GOVERNMENT	7,117	209	7,326	--
INVENTORIES	--	7,571	7,571	385
PREPAYMENTS	--	117	117	29
NOTES RECEIVABLE	--	53,222	53,222	--
OTHER CURRENT ASSETS	--	--	--	424
TOTAL CURRENT ASSETS	<u>888,439</u>	<u>420,149</u>	<u>1,308,588</u>	<u>102,212</u>
NONCURRENT ASSETS:				
RESTRICTED ASSETS				
CASH	--	326	326	--
INVESTMENTS	--	8,519	8,519	11,637
RECEIVABLES	--	1,419	1,419	--
INVESTMENTS	--	202	202	--
NOTES RECEIVABLE	--	650,091	650,091	--
CAPITAL ASSETS (NOTE 5)				
LAND	--	4,498	4,498	301
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	--	20,178	20,178	--
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	--	5,366	5,366	1,503
INFRASTRUCTURE (NET OF DEPRECIATION)	--	336,850	336,850	--
INTANGIBLE ASSETS (NET OF AMORTIZATION)	--	184	184	--
CONSTRUCTION IN PROGRESS	--	10,001	10,001	--
OTHER NONCURRENT ASSETS	--	2,988	2,988	5,992
TOTAL NONCURRENT ASSETS	<u>--</u>	<u>1,040,622</u>	<u>1,040,622</u>	<u>19,433</u>
TOTAL ASSETS	<u>\$ 888,439</u>	<u>\$ 1,460,771</u>	<u>\$ 2,349,210</u>	<u>\$ 121,645</u>
LIABILITIES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE AND ACCRUALS	\$ 168	\$ 5,874	\$ 6,042	\$ 1,273
DUE TO OTHER FUNDS	--	94	94	4
DUE TO FEDERAL GOVERNMENT	6,781	--	6,781	--
DEFERRED REVENUES	6,580	4,730	11,310	334
AMOUNT HELD IN CUSTODY FOR OTHERS	133	76	209	--
OTHER CURRENT LIABILITIES	43,376	943	44,319	--
CURRENT PORTION OF LONG-TERM LIABILITIES:				
COMPENSATED ABSENCES PAYABLE	--	257	257	64
CAPITAL LEASE OBLIGATIONS	--	23	23	--
NOTES PAYABLE	--	103	103	230
OTHER LONG-TERM LIABILITIES	--	277	277	4,669
TOTAL CURRENT LIABILITIES	<u>57,038</u>	<u>12,377</u>	<u>69,415</u>	<u>6,574</u>
NONCURRENT LIABILITIES:				
NON-CURRENT PORTION OF LONG-TERM LIABILITIES:				
COMPENSATED ABSENCES PAYABLE	--	1,662	1,662	510
DEFERRED REVENUES	--	332	332	--
NOTES PAYABLE	--	2,064	2,064	205
BONDS PAYABLE (NET OF UNAMORTIZED DISCOUNTS)	--	174,594	174,594	--
OPEB PAYABLE	--	19,474	19,474	8,392
OTHER LONG-TERM LIABILITIES	--	--	--	68,900
TOTAL NONCURRENT LIABILITIES	<u>--</u>	<u>198,126</u>	<u>198,126</u>	<u>78,007</u>
TOTAL LIABILITIES	<u>57,038</u>	<u>210,503</u>	<u>267,541</u>	<u>84,581</u>
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	--	200,294	200,294	1,369
RESTRICTED FOR DEBT SERVICE	--	5,907	5,907	27,799
RESTRICTED FOR UNEMPLOYMENT COMPENSATION	831,401	--	831,401	--
RESTRICTED FOR OTHER SPECIFIC PURPOSES	--	2,055	2,055	--
UNRESTRICTED	--	1,042,012	1,042,012	7,896
TOTAL NET ASSETS	<u>831,401</u>	<u>1,250,268</u>	<u>2,081,669</u>	<u>37,064</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 888,439</u>	<u>\$ 1,460,771</u>	<u>\$ 2,349,210</u>	<u>\$ 121,645</u>

The notes to the financial statements are an integral part of this statement.

State of Louisiana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNEMPLOYMENT TRUST FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	
OPERATING REVENUES:				
SALES OF COMMODITIES AND SERVICES	\$ --	\$ 43,421	\$ 43,421	\$ 53,573
ASSESSMENTS	243,095	5,771	248,866	--
USE OF MONEY AND PROPERTY	23,812	10,469	34,281	26,134
LICENSES, PERMITS, AND FEES	--	32,582	32,582	--
FEDERAL GRANTS AND CONTRACTS	202,820	9,670	212,490	--
OTHER	--	2,773	2,773	--
TOTAL OPERATING REVENUES	<u>469,727</u>	<u>104,686</u>	<u>574,413</u>	<u>79,707</u>
OPERATING EXPENSES:				
COST OF SALES AND SERVICES	--	38,206	38,206	42,180
ADMINISTRATIVE	--	46,676	46,676	38,806
DEPRECIATION	--	10,415	10,415	585
AMORTIZATION	--	179	179	162
UNEMPLOYMENT INSURANCE BENEFITS	537,217	--	537,217	--
TOTAL OPERATING EXPENSES	<u>537,217</u>	<u>95,476</u>	<u>632,693</u>	<u>81,733</u>
OPERATING INCOME (LOSS)	<u>(67,490)</u>	<u>9,210</u>	<u>(58,280)</u>	<u>(2,026)</u>
NONOPERATING REVENUES (EXPENSES):				
INTERGOVERNMENTAL EXPENSES	--	(1,025)	(1,025)	--
USE OF MONEY AND PROPERTY	--	300	300	5,339
GAIN ON DISPOSAL OF FIXED ASSETS	--	287	287	13
LOSS ON DISPOSAL OF FIXED ASSETS	--	(537)	(537)	(7)
INTEREST EXPENSE	--	(7,773)	(7,773)	(9,556)
OTHER REVENUES	--	3,152	3,152	891
OTHER EXPENSES	--	(2,692)	(2,692)	(4)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>--</u>	<u>(8,288)</u>	<u>(8,288)</u>	<u>(3,324)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(67,490)	922	(66,568)	(5,350)
CAPITAL CONTRIBUTIONS	--	49,127	49,127	--
TRANSFERS IN	--	--	--	203
TRANSFERS OUT	--	(77,050)	(77,050)	--
CHANGE IN NET ASSETS	(67,490)	(27,001)	(94,491)	(5,147)
TOTAL NET ASSETS - BEGINNING AS RESTATED	<u>898,891</u>	<u>1,277,269</u>	<u>2,176,160</u>	<u>42,211</u>
TOTAL NET ASSETS - ENDING	<u>\$ 831,401</u>	<u>\$ 1,250,268</u>	<u>\$ 2,081,669</u>	<u>\$ 37,064</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNEMPLOYMENT TRUST FUND	NONMAJOR ENTERPRISE FUNDS		
CASH FLOWS FROM OPERATING ACTIVITIES:				
CASH RECEIPTS FROM CUSTOMERS	\$ 249,412	\$ 212,116	\$ 461,528	\$ 36,044
CASH RECEIPTS FROM INTERFUND SERVICES PROVIDED	--	--	--	44,252
OTHER OPERATING CASH RECEIPTS	226,632	3,512	230,144	16
CASH PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES	(548,152)	(102,532)	(650,684)	(68,956)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	--	(29,641)	(29,641)	(11,492)
CASH PAYMENTS FOR INTERFUND SERVICES USED, INCLUDING PAYMENTS IN LIEU OF TAXES	--	(77,851)	(77,851)	--
OTHER OPERATING REVENUES	(3,055)	(399)	(3,454)	--
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(75,163)</u>	<u>5,205</u>	<u>(69,958)</u>	<u>(136)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
STATE APPROPRIATIONS	--	--	--	2,500
PROCEEDS FROM SALE OF BONDS	--	4,658	4,658	--
PRINCIPAL PAID ON BONDS	--	(6,700)	(6,700)	--
INTEREST PAID ON BOND MATURITIES	--	(47)	(47)	--
TRANSFERS OUT	--	(893)	(893)	--
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>--</u>	<u>(2,982)</u>	<u>(2,982)</u>	<u>2,500</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
PROCEEDS FROM SALE OF BONDS	--	--	--	80,828
PRINCIPAL PAID ON BONDS	--	(595)	(595)	(19,985)
INTEREST PAID ON BOND MATURITIES	--	(3,344)	(3,344)	(11,372)
PROCEEDS FROM ISSUANCE OF NOTES PAYABLE	--	--	--	215
PRINCIPAL PAID ON NOTES PAYABLE	--	(332)	(332)	(221)
INTEREST PAID ON NOTES PAYABLE	--	(155)	(155)	(4)
ACQUISITION/CONSTRUCTION OF CAPITAL ASSETS	--	(12,359)	(12,359)	(507)
PROCEEDS FROM SALE OF CAPITAL ASSETS	--	663	663	28
CAPITAL CONTRIBUTIONS	--	41,101	41,101	--
DEFERRED PROCEEDS FROM CAPITAL LEASES	--	--	--	28,857
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>--</u>	<u>24,979</u>	<u>24,979</u>	<u>77,839</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
PURCHASES OF INVESTMENT SECURITIES	--	(21,326)	(21,326)	(93,977)
PROCEEDS FROM SALE OF INVESTMENT SECURITIES	--	24,019	24,019	5,538
INTEREST AND DIVIDENDS EARNED ON INVESTMENT SECURITIES	--	326	326	227
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>--</u>	<u>3,019</u>	<u>3,019</u>	<u>(88,212)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(75,163)	30,221	(44,942)	(8,009)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR AS RESTATED	<u>884,916</u>	<u>313,862</u>	<u>1,198,778</u>	<u>12,867</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 809,753</u>	<u>\$ 344,083</u>	<u>\$ 1,153,836</u>	<u>\$ 4,858</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
OPERATING INCOME (LOSS)	\$ (67,490)	\$ 9,210	\$ (58,280)	\$ (2,026)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION/AMORTIZATION	--	10,594	10,594	747
PROVISION FOR UNCOLLECTIBLE ACCOUNTS	--	10	10	--
OTHER	--	(1,078)	(1,078)	--
CHANGES IN ASSETS AND LIABILITIES:				
(INCREASE)DECREASE IN ACCOUNTS RECEIVABLE	(18,346)	943	(17,403)	640
(INCREASE)DECREASE IN DUE FROM OTHER FUNDS	--	(14)	(14)	--
(INCREASE)DECREASE IN PREPAYMENTS	--	(55)	(55)	(10)
(INCREASE)DECREASE IN INVENTORIES	--	(1,514)	(1,514)	114
(INCREASE)DECREASE IN OTHER ASSETS	(3,305)	(14,751)	(18,056)	44
INCREASE(DECREASE) IN ACCOUNTS PAYABLE AND ACCRUALS	168	28	196	(204)
INCREASE(DECREASE) IN COMPENSATED ABSENCES PAYABLE	--	(113)	(113)	(106)
INCREASE(DECREASE) IN DUE TO OTHER FUNDS	(249)	65	(184)	--
INCREASE(DECREASE) IN DEFERRED REVENUES	(447)	131	(316)	(108)
INCREASE(DECREASE) IN OPEB PAYABLE	--	1,795	1,795	711
INCREASE(DECREASE) IN OTHER LIABILITIES	14,506	(46)	14,460	62
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (75,163)</u>	<u>\$ 5,205</u>	<u>\$ (69,958)</u>	<u>\$ (136)</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

State of Louisiana

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

	2012
CENTRAL REGIONAL LAUNDRY	
TRANSFER OF LIABILITY TO THE DEPARTMENT OF HEALTH AND HOSPITALS	203
LOUISIANA TRANSPORTATION AUTHORITY	
CONTRIBUTIONS OF FIXED ASSETS	8,142
CAPITALIZED INTEREST	205

(Concluded)

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUND FINANCIAL STATEMENTS

FIDUCIARY FUND FINANCIAL STATEMENTS

FIDUCIARY FUNDS

By definition, these funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds, and cannot be used to address activities or obligations of the government. There are four types of fiduciary funds:

- *Pension trust funds* account for resources held in trust for members and beneficiaries of the four employee pension plans.
- *Investment trust funds* account for the portion of the government's investment pools that belong to others.
- *Private-purpose trust funds* report all other trust arrangements benefiting those outside the government. Currently, the Louisiana Education Tuition and Savings Fund is the only private-purpose trust fund Louisiana maintains.
- *Agency funds* contain resources held by the government in a temporary, purely custodial capacity and do not involve measurement of results of operations.

Among the largest of the agency funds are the Escrow Fund, Insurance Trusts, Payroll Clearing Fund, and the Miscellaneous Agency Funds.

The State Treasury maintains three separate investment trust funds. Investment trust funds are:

- Louisiana Asset Management Pool
- Patients' Compensation Investment Trust Fund
- Education Excellence Local Government Investment Trust Fund

Four separate pension trust funds are maintained for state government employees, teachers, and law enforcement officers. The pension funds are as follows:

- Louisiana School Employees' Retirement System
- Louisiana State Employees' Retirement System
- Louisiana State Police Retirement System
- Teachers' Retirement System of Louisiana

State of Louisiana

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	PENSION TRUST FUNDS	INVESTMENT TRUST FUNDS	PRIVATE PURPOSE TRUST FUND	AGENCY FUNDS
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 315,222	\$ 340,717	\$ --	\$ 538,469
RECEIVABLES:				
EMPLOYER CONTRIBUTIONS	234,154	--	--	--
MEMBER CONTRIBUTIONS	82,498	--	--	--
INVESTMENT PROCEEDS	852,547	--	--	--
INTEREST AND DIVIDENDS	63,631	339	--	--
OTHER	15,484	--	53	151,484
TOTAL RECEIVABLES	1,248,314	339	53	151,484
INVESTMENTS (AT FAIR VALUE):				
SHORT TERM INVESTMENTS	1,158,856	976,648	--	--
U. S. GOVERNMENT AND AGENCY OBLIGATIONS	1,287,175	785,277	64,871	--
BONDS - DOMESTIC	1,536,093	--	--	--
BONDS - INTERNATIONAL	1,564,298	--	--	--
MARKETABLE SECURITIES - DOMESTIC	7,204,793	196,418	--	--
MARKETABLE SECURITIES - INTERNATIONAL	5,248,491	--	--	--
ALTERNATIVE INVESTMENTS	6,769,857	--	--	--
COLLATERAL HELD UNDER SECURITIES LENDING PROGRAM	2,519,423	--	--	--
REPURCHASE AGREEMENTS	--	307,615	--	--
OTHER	2,003	--	298,230	173,028
INVESTMENTS (AT CONTRACT VALUE):				
SYNTHETIC GUARANTEED INVESTMENT CONTRACT	350,582	--	--	--
TOTAL INVESTMENTS	27,641,571	2,265,958	363,101	173,028
OTHER ASSETS	1	9	--	697
PROPERTY, PLANT AND EQUIPMENT (NET)	16,857	47	--	--
TOTAL ASSETS	29,221,965	2,607,070	363,154	863,678
LIABILITIES				
ACCOUNTS PAYABLE	35,649	180	5,722	--
INVESTMENT COMMITMENTS PAYABLE	973,524	--	--	--
AMOUNTS HELD IN CUSTODY FOR OTHERS	--	--	--	660,848
OBLIGATIONS UNDER SECURITIES LENDING PROGRAM	2,528,932	--	--	--
OPEB PAYABLE	18,832	--	--	--
REFUNDS PAYABLE AND OTHER	11,503	57	--	--
OTHER LIABILITIES	--	--	--	202,830
TOTAL LIABILITIES	3,568,440	237	5,722	863,678
NET ASSETS				
HELD IN TRUST FOR:				
EMPLOYEES' PENSION BENEFITS	25,653,525	--	--	--
INVESTMENT POOL PARTICIPANTS	--	2,606,833	--	--
INDIVIDUALS, PRIVATE ORGANIZATIONS, AND OTHER GOVERNMENTS	--	--	357,432	--
TOTAL NET ASSETS	\$ 25,653,525	\$ 2,606,833	\$ 357,432	\$ --

The notes to the financial statements are an integral part of this statement.

State of Louisiana

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	PENSION TRUST FUNDS	INVESTMENT TRUST FUNDS	PRIVATE PURPOSE TRUST FUND
ADDITIONS			
CONTRIBUTIONS:			
EMPLOYER	\$ 1,732,857	\$ --	\$ --
MEMBERS	553,212	--	--
POOL PARTICIPANTS (DEPOSITS)	--	2,021,584	--
TOTAL CONTRIBUTIONS	2,286,069	2,021,584	--
INVESTMENT INCOME:			
NET INCREASE (DECREASE) IN FAIR			
VALUE OF INVESTMENTS	(605,117)	16,055	339
INTEREST AND DIVIDENDS	509,068	16,426	6,940
ALTERNATIVE INVESTMENT INCOME	179,604	--	--
LESS ALTERNATIVE INVESTMENT EXPENSES	(66,934)	--	--
GAIN ON SALE OF INVESTMENT	--	453	12
SECURITIES LENDING INCOME	10,081	--	--
LESS SECURITIES LENDING EXPENSES	1,990	--	--
OTHER INVESTMENT INCOME	4,716	741	--
LESS INVESTMENT EXPENSE OTHER THAN			
ALTERNATIVE INVESTMENTS AND SECURITIES LENDING	(65,662)	--	--
NET INVESTMENT INCOME	(32,254)	33,675	7,291
OTHER INCOME	145,178	1	56,132
TOTAL ADDITIONS	2,398,993	2,055,260	63,423
DEDUCTIONS			
RETIREMENT BENEFITS	2,851,018	--	--
REFUNDS OF CONTRIBUTIONS	97,102	--	--
ADMINISTRATIVE EXPENSES	38,941	2,135	--
DEPRECIATION AND AMORTIZATION EXPENSES	2,519	--	--
DISTRIBUTIONS TO POOL PARTICIPANTS	--	2,068,581	--
OTHER	426	--	18,979
TOTAL DEDUCTIONS	2,990,006	2,070,716	18,979
CHANGE IN NET ASSETS HELD IN TRUST FOR:			
EMPLOYEES' PENSION BENEFITS	(591,013)	--	--
INVESTMENT POOL PARTICIPANTS	--	(15,456)	--
INDIVIDUALS, PRIVATE ORGANIZATIONS, AND OTHER GOVERNMENTS	--	--	44,444
NET ASSETS - BEGINNING OF YEAR AS RESTATED	26,244,538	2,622,289	312,988
NET ASSETS - END OF YEAR	\$ 25,653,525	\$ 2,606,833	\$ 357,432

The notes to the financial statements are an integral part of this statement.

COMPONENT UNIT FINANCIAL STATEMENTS

COMPONENT UNIT FINANCIAL STATEMENTS

Major Component Units

COLLEGES AND UNIVERSITIES

The College and University Funds are used to account for all transactions relating to public institutions of higher education which are reported in the following systems:

- Louisiana State University System includes Louisiana State University and A&M College and Louisiana State University Agricultural Center at Baton Rouge, Louisiana State University at Alexandria, Louisiana State University at Eunice, Louisiana State University Medical Center at New Orleans, Louisiana State University Medical Center at Shreveport, Paul M. Hebert Law Center at Baton Rouge, and Pennington Biomedical Research Center at Baton Rouge. Louisiana State University's Board of Supervisors also operates the general medical facilities in the state.
- Southern University System includes Southern University and A&M College and Southern University Agricultural Research and Extension Center at Baton Rouge, Southern University at New Orleans, Southern University at Shreveport, and Southern University Law Center at Baton Rouge.
- University of Louisiana System includes Grambling State University at Grambling, Louisiana Tech University at Ruston, McNeese State University at Lake Charles, Nicholls State University at Thibodaux, Southeastern Louisiana University at Hammond, Northwestern State University at Natchitoches, University of Louisiana at Monroe, University of Louisiana at Lafayette, and University of New Orleans at New Orleans.
- Louisiana Community and Technical College System includes seven community colleges, three technical community colleges and one technical college with thirty four campuses and one technical division.
- Board of Regents is the policy making board for each of the university systems listed above and each System's Board of Supervisors.

LOUISIANA STADIUM AND EXPOSITION DISTRICT

The purpose of the district is to plan, finance, construct, develop, maintain, and operate facilities, including an enclosed and covered stadium within the district for various sporting events, exhibitions, and public meetings. The District is responsible for servicing and retiring the principal and interest on all bonds issued.

LOUISIANA HOUSING CORPORATION

The Louisiana Housing Corporation was created in 1980 to address the shortage of safe, decent and sanitary residential housing available to persons of low or moderate income, and also provides financing for these housing needs.

LOUISIANA LOTTERY CORPORATION

The Louisiana Lottery Corporation was created to conduct and administer lottery games in the state. Quarterly, the corporation transfers net revenues determined to be surplus to its needs, but not less than 35% of gross revenues each year to the Lottery Proceeds Fund.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION

This nonprofit insurance corporation was created in 2003 to provide insurance to residential and commercial property owners who are in good faith entitled, but unable, to procure insurance through the voluntary insurance marketplace.

LOUISIANA UTILITIES RESTORATION CORPORATION

This nonprofit entity provides alternate financing mechanisms to the Public Service Commission and the New Orleans City Council to attract low-cost capital to finance utility company system restoration and capital contributions to financially strengthen and stabilize. The corporation issues bonds and the proceeds are provided to the utility companies to assist with restoration cost.



State of Louisiana

COMBINING BALANCE SHEET

COMPONENT UNITS

JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	LOUISIANA STATE UNIVERSITY SYSTEM	UNIVERSITY OF LOUISIANA SYSTEM	SOUTHERN UNIVERSITY SYSTEM	LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM
ASSETS				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 550,917	\$ 256,422	\$ 23,406	\$ 119,409
RESTRICTED CASH AND CASH EQUIVALENTS	--	--	--	--
INVESTMENTS	491,878	51,427	2,144	--
RESTRICTED INVESTMENTS	--	--	--	--
DEFERRED OUTFLOW OF RESOURCES	--	--	--	--
RECEIVABLES (NET)	245,890	78,680	--	18,528
PLEDGES RECEIVABLE (NET)	16,497	1,316	168	--
AMOUNTS DUE FROM PRIMARY GOVERNMENT	34,069	4,735	13,553	6,472
DUE FROM FEDERAL GOVERNMENT	22,892	14,858	15,385	15,196
INVENTORIES	36,660	6,544	597	287
PREPAYMENTS	12,326	5,945	18	459
NOTES RECEIVABLE	3,084	4,164	488	--
OTHER CURRENT ASSETS	15,120	3,969	1,109	23
TOTAL CURRENT ASSETS	<u>1,429,333</u>	<u>428,060</u>	<u>56,868</u>	<u>160,374</u>
NONCURRENT ASSETS:				
RESTRICTED ASSETS:				
CASH	139,608	168,825	32,547	96,085
INVESTMENTS	768,933	348,180	8,635	74,845
RECEIVABLES (NET)	--	4,420	--	--
NOTES RECEIVABLE	22,786	29,404	--	--
OTHER	6,632	89	--	--
INVESTMENTS	108,886	878	--	--
NOTES RECEIVABLE	--	5	--	22
PLEDGES RECEIVABLE (NET)	14,354	2,561	--	--
CAPITAL ASSETS (NOTE 5)	--	--	--	--
LAND	95,023	101,789	7,305	27,406
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	1,190,719	1,172,679	236,427	214,754
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	240,421	86,816	13,032	29,631
INFRASTRUCTURE (NET OF DEPRECIATION)	26,907	20,995	8,558	--
INTANGIBLE ASSETS (NET OF AMORTIZATION)	11,032	--	5,326	11,737
CONSTRUCTION IN PROGRESS	396,266	98,717	17,683	68,270
OTHER NONCURRENT ASSETS	25,096	23,807	5,644	4,347
TOTAL NONCURRENT ASSETS	<u>3,046,663</u>	<u>2,059,165</u>	<u>335,157</u>	<u>527,097</u>
TOTAL ASSETS	<u>\$ 4,475,996</u>	<u>\$ 2,487,225</u>	<u>\$ 392,025</u>	<u>\$ 687,471</u>
LIABILITIES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE AND ACCRUALS	\$ 252,705	\$ 55,417	\$ 11,606	\$ 33,636
DEFERRED INFLOW OF RESOURCES	--	--	--	--
AMOUNTS DUE TO PRIMARY GOVERNMENT	125,642	675	1,521	870
DUE TO FEDERAL GOVERNMENT	3,958	--	--	55
DEFERRED REVENUES	115,405	38,193	9,965	13,646
AMOUNTS HELD IN CUSTODY FOR OTHERS	28,997	6,128	621	737
OTHER CURRENT LIABILITIES	1,725	10,937	1,931	40
CURRENT PORTION OF LONG-TERM LIABILITIES				
CONTRACTS PAYABLE	--	96	--	68
COMPENSATED ABSENCES PAYABLE	12,681	4,846	859	1,610
CAPITAL LEASE OBLIGATIONS	2,768	1,382	350	77
ESTIMATED LIABILITY FOR CLAIMS	--	853	149	--
NOTES PAYABLE	1,547	610	1,327	--
BONDS PAYABLE	16,723	12,806	1,216	12,150
POLLUTION REMEDIATION OBLIGATIONS	--	--	120	--
OTHER LONG-TERM LIABILITIES	7	4,888	--	4,707
TOTAL CURRENT LIABILITIES	<u>562,158</u>	<u>136,831</u>	<u>29,665</u>	<u>67,596</u>
NONCURRENT LIABILITIES:				
NONCURRENT PORTION OF LONG-TERM LIABILITIES				
CONTRACTS PAYABLE	--	--	--	119
COMPENSATED ABSENCES PAYABLE	117,532	40,288	11,652	16,494
CAPITAL LEASE OBLIGATIONS	37,417	10,451	--	3,500
ESTIMATED LIABILITY FOR CLAIMS	--	--	--	--
NOTES PAYABLE	10,869	9,843	40,838	--
BONDS PAYABLE	528,484	659,598	70,525	328,033
OPEB PAYABLE	671,397	396,300	85,310	118,881
POLLUTION REMEDIATION OBLIGATIONS	--	--	--	--
DERIVATIVE INSTRUMENTS	--	--	--	--
OTHER LONG-TERM LIABILITIES	39,587	210	1,876	--
TOTAL NONCURRENT LIABILITIES	<u>1,405,286</u>	<u>1,116,690</u>	<u>210,201</u>	<u>467,027</u>
TOTAL LIABILITIES	<u>1,967,444</u>	<u>1,253,521</u>	<u>239,866</u>	<u>534,623</u>
NET ASSETS:				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	1,447,872	925,058	184,645	140,070
RESTRICTED FOR:				
CAPITAL PROJECTS	--	--	--	--
DEBT SERVICE	--	--	--	--
NONEXPENDABLE	462,091	238,308	13,938	4,539
EXPENDABLE	616,455	263,451	40,475	97,712
OTHER PURPOSES	--	--	--	--
UNRESTRICTED	(17,866)	(193,113)	(86,899)	(89,473)
TOTAL NET ASSETS	<u>2,508,552</u>	<u>1,233,704</u>	<u>152,159</u>	<u>152,848</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,475,996</u>	<u>\$ 2,487,225</u>	<u>\$ 392,025</u>	<u>\$ 687,471</u>

* As of December 31, 2011.

The notes to the financial statements are an integral part of this statement.

State of Louisiana

BOARD OF REGENTS	LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION *	LOUISIANA HOUSING CORPORATION	LOUISIANA LOTTERY CORPORATION	LOUISIANA STADIUM AND EXPOSITION DISTRICT	LOUISIANA UTILITIES RESTORATION CORPORATION	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
\$ 2,695	\$ 118,436	\$ 2,020	\$ 68	\$ 42,095	\$ --	\$ 261,030	\$ 1,376,498
--	--	--	--	--	96,903	2,877	99,780
--	--	48,627	28,718	--	--	87,574	710,368
--	--	--	--	--	--	740	740
--	--	--	--	23,701	--	--	23,701
45	44,871	367	12,022	9,970	26,886	48,151	485,410
--	--	--	--	--	--	--	17,981
5,013	--	--	--	2,532	--	11,667	78,041
3,234	--	3,825	--	--	--	1,768	77,158
--	--	--	--	52	--	3,066	47,206
--	9,774	--	201	1,514	--	2,617	32,854
--	--	1,182	--	--	--	8,855	17,773
--	3,888	527	14	140	--	10,842	35,632
<u>10,987</u>	<u>176,969</u>	<u>56,548</u>	<u>41,023</u>	<u>80,004</u>	<u>123,789</u>	<u>439,187</u>	<u>3,003,142</u>
--	4,747	19,540	--	12,086	--	48,203	521,641
--	212,458	6,881	64,620	--	--	22,466	1,507,018
--	--	42,173	--	458	--	10,755	57,806
--	--	147,172	--	--	--	--	199,362
--	--	1,312	--	--	--	--	8,033
--	42,493	--	--	--	--	87,032	239,289
--	--	--	--	--	--	14,037	14,064
--	--	--	--	--	--	--	16,915
--	--	712	1,542	13,944	--	141,387	389,108
--	--	85,045	2,897	279,799	--	169,909	3,352,229
676	437	502	650	9,150	--	32,141	413,456
--	--	--	--	--	--	305,015	361,475
--	1,591	--	--	--	--	4,292	33,978
--	--	12,345	--	88,870	--	131,561	813,712
--	14,972	--	6,060	12,275	7,209	11,775	111,185
<u>676</u>	<u>276,698</u>	<u>315,682</u>	<u>75,769</u>	<u>416,582</u>	<u>7,209</u>	<u>978,573</u>	<u>8,039,271</u>
<u>\$ 11,663</u>	<u>\$ 453,667</u>	<u>\$ 372,230</u>	<u>\$ 116,792</u>	<u>\$ 496,586</u>	<u>\$ 130,998</u>	<u>\$ 1,417,760</u>	<u>\$ 11,042,413</u>
\$ 9,724	\$ 11,038	\$ 161	\$ 2,721	\$ 12,905	\$ 25,510	\$ 33,683	\$ 449,106
788	--	--	--	--	--	4,204	4,204
--	--	--	17,846	--	--	3,889	151,231
--	--	1,336	--	--	--	--	5,349
--	100,965	5,120	--	14,826	--	4,725	302,845
--	--	--	--	--	--	--	36,483
--	10,389	10,703	31,208	1,496	--	1,498	69,927
--	--	--	--	--	--	13,088	13,252
94	93	885	340	370	--	3,295	25,073
1,179	--	--	--	103	--	31	5,890
--	161,783	--	--	--	--	3,909	166,694
--	--	13,714	--	--	--	1,734	18,932
--	41,945	1,646	--	5,119	145,581	14,528	251,714
--	--	--	--	--	--	--	120
--	--	--	--	--	--	2,093	11,695
<u>11,785</u>	<u>326,213</u>	<u>33,565</u>	<u>52,115</u>	<u>34,819</u>	<u>171,091</u>	<u>86,677</u>	<u>1,512,515</u>
--	--	--	--	--	--	19,115	19,234
760	--	--	--	--	--	6,262	192,988
3,342	--	--	--	610	--	16	55,336
--	22,500	1,000	--	--	--	22,388	45,888
--	--	--	--	14,033	--	37,073	112,656
--	829,508	15,342	--	271,052	1,185,870	109,403	3,997,615
3,276	1,574	5,257	--	--	--	69,630	1,351,625
--	--	--	--	--	--	80	80
--	--	--	--	91,095	--	--	91,095
--	4,747	--	41,907	5,100	--	5,334	98,761
<u>7,378</u>	<u>858,329</u>	<u>21,599</u>	<u>41,907</u>	<u>381,890</u>	<u>1,185,870</u>	<u>269,301</u>	<u>5,965,478</u>
<u>19,163</u>	<u>1,184,542</u>	<u>55,164</u>	<u>94,022</u>	<u>416,709</u>	<u>1,356,961</u>	<u>355,978</u>	<u>7,477,993</u>
(3,845)	2,028	94,665	5,089	115,593	--	662,076	3,573,251
--	--	--	--	--	--	31,605	31,605
--	224,229	--	--	21,719	--	44,107	290,055
--	--	--	--	--	--	--	718,876
3,177	--	--	--	--	--	--	1,021,270
--	--	174,805	--	--	--	19,830	194,635
(6,832)	(957,132)	47,596	17,681	(57,435)	(1,225,963)	304,164	(2,265,272)
<u>(7,500)</u>	<u>(730,875)</u>	<u>317,066</u>	<u>22,770</u>	<u>79,877</u>	<u>(1,225,963)</u>	<u>1,061,782</u>	<u>3,564,420</u>
<u>\$ 11,663</u>	<u>\$ 453,667</u>	<u>\$ 372,230</u>	<u>\$ 116,792</u>	<u>\$ 496,586</u>	<u>\$ 130,998</u>	<u>\$ 1,417,760</u>	<u>\$ 11,042,413</u>

State of Louisiana

COMBINING STATEMENT OF ACTIVITIES

COMPONENT UNITS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
COMPONENT UNITS:					
LOUISIANA STATE UNIVERSITY SYSTEM	\$ 3,158,023	\$ 1,899,686	\$ 418,005	\$ 181,636	\$ (658,696)
UNIVERSITY OF LOUISIANA SYSTEM	1,290,241	510,700	153,224	40,887	(585,430)
SOUTHERN UNIVERSITY SYSTEM	252,727	60,338	55,154	6,789	(130,446)
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM	517,604	98,937	61,794	31,445	(325,428)
BOARD OF REGENTS	57,973	622	11,767	--	(45,584)
LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION *	206,856	142,616	--	--	(64,240)
LOUISIANA HOUSING CORPORATION	258,714	17,321	253,698	5,861	18,166
LOUISIANA LOTTERY CORPORATION	432,615	430,143	--	--	(2,472)
LOUISIANA STADIUM AND EXPOSITION DISTRICT	157,316	43,911	13,215	21,321	(78,869)
LOUISIANA UTILITIES RESTORATION CORPORATION	65,502	207,463	--	--	141,961
NONMAJOR COMPONENT UNITS	525,904	62,898	76,456	37,122	(349,428)
TOTAL COMPONENT UNITS	<u>\$ 6,923,475</u>	<u>\$ 3,474,635</u>	<u>\$ 1,043,313</u>	<u>\$ 325,061</u>	<u>\$ (2,080,466)</u>

	GENERAL REVENUES		EXTRAORDINARY ITEM		NET ASSETS	
	PAYMENTS FROM PRIMARY GOVERNMENT	OTHER GENERAL REVENUES	LOSS ON IMPAIRMENT OF CAPITAL ASSETS	CHANGE IN NET ASSETS	BEGINNING OF YEAR AS RESTATED	NET ASSETS END OF YEAR
COMPONENT UNITS:						
LOUISIANA STATE UNIVERSITY SYSTEM	\$ 512,490	\$ 137,635	\$ --	\$ (8,571)	\$ 2,517,123	\$ 2,508,552
UNIVERSITY OF LOUISIANA SYSTEM	328,636	191,984	(4,575)	(69,385)	1,303,089	1,233,704
SOUTHERN UNIVERSITY SYSTEM	57,993	58,563	--	(13,890)	166,049	152,159
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM	149,801	157,505	--	(18,122)	170,970	152,848
BOARD OF REGENTS	45,102	1,200	--	718	(8,218)	(7,500)
LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION *	--	101,127	--	36,887	(767,762)	(730,875)
LOUISIANA HOUSING CORPORATION	--	12,086	--	30,252	286,814	317,066
LOUISIANA LOTTERY CORPORATION	--	2,443	--	(29)	22,799	22,770
LOUISIANA STADIUM AND EXPOSITION DISTRICT	8,858	50,003	--	(20,008)	99,885	79,877
LOUISIANA UTILITIES RESTORATION CORPORATION	--	--	--	141,961	(1,367,924)	(1,225,963)
NONMAJOR COMPONENT UNITS	135,317	126,072	--	(88,039)	1,149,821	1,061,782
TOTAL COMPONENT UNITS	<u>\$ 1,238,197</u>	<u>\$ 838,618</u>	<u>\$ (4,575)</u>	<u>\$ (8,226)</u>	<u>\$ 3,572,646</u>	<u>\$ 3,564,420</u>

* As of December 31, 2011.

The notes to the financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1	Summary of Significant Accounting Policies
Note 2	Deposits and Investments
Note 3	Accounts Receivable and Accounts Payable
Note 4	Interfund Accounts and Transfers
Note 5	Capital Assets
Note 6	Employee Benefits – Pensions
Note 6A	Employee Benefits – Other Postemployment Benefits (OPEB)
Note 6B	Employee Benefits – Termination Benefits
Note 7	Leases
Note 8	Long-Term Obligations
Note 9	Contingencies
Note 10	Fund Balance/Net Assets Disclosures
Note 11	Other Disclosures
Note 12	Subsequent Events

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the State of Louisiana (State) have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements present the financial position and results of operations of the various funds of the State and the cash flows of the proprietary funds as of and for the year ended June 30, 2012.

A. REPORTING ENTITY

The State reporting entity consists of the various departments, agencies, activities, and organizational units that are within the control and authority of the Louisiana Legislature and/or constitutional officers of the State. The State, like that of the United States, has three branches of government – legislative (bicameral), executive, and judicial.

As required by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, a legally separate entity is considered a component unit of the State if at least one of the following criteria is met:

- The State appoints a voting majority of the organization's governing body and is either able to impose its will on the organization or there is a potential financial benefit/burden to the State.
- The entity is fiscally dependent on the State.
- The nature and significance of the relationship between the State and the entity is such that exclusion would cause the financial statements of the State to be misleading or incomplete.

Depending upon the closeness of their relationship with the State, some component units are blended with the State reporting entity, while others are discretely reported.

The following component units were evaluated to identify those entities whose financial activities should be blended with the primary government, discretely reported, or disclosed in the Notes to the Basic Financial Statements as a related organization, a joint venture, or a jointly governed organization:

Blended Component Units

A component unit is considered blended and therefore would be included in the reporting entity's financial statements if the component unit's governing body is substantively the same as the governing body of the

primary government, or if the component unit provides services exclusively, or almost exclusively, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it. The following blended component units provide services almost exclusively to the primary government: Tobacco Settlement Financing Corporation, Louisiana Correctional Facilities Corporation, Louisiana Office Building Corporation, Office Facilities Corporation, Louisiana Transportation Authority, and the various retirement systems.

Tobacco Settlement Financing Corporation, P.O. Box 44154, Baton Rouge, LA 70804-4154, a special purpose, public corporate entity, is responsible for financing, purchasing, and managing 60% of the tobacco assets and related incidental activities for the State of Louisiana. The board of directors consists of thirteen members, seven appointed by the Governor.

Louisiana Correctional Facilities Corporation, P.O. Box 94095, Baton Rouge, LA 70804-9095, a nonprofit corporation, acquires and finances correctional facilities for lease to the State and is authorized to issue revenue bonds for its purposes. The board of directors consists of five members appointed by the Governor.

Louisiana Office Building Corporation, P.O. Box 94095, Baton Rouge, LA 70804-9095, a nonprofit quasi-public corporation, was created to construct, acquire and lease buildings and facilities on behalf of and for the benefit of the State and may finance such acquisitions by issuing revenue bonds. The board of directors consists of a designee of the Governor, the Commissioner of Administration, and the director of the Office of Facility Planning and Control.

Office Facilities Corporation, P.O. Box 94095, Baton Rouge, LA 70804-9095, a nonprofit corporation, finances the acquisition or construction of public facilities for lease to the State through the issuance of revenue bonds. The board of directors consists of five members appointed by the Governor.

Louisiana Transportation Authority, P.O. Box 94245, Baton Rouge, LA 70804, is a nonprofit corporation established in 2001 to promote, plan, finance, construct, operate, and maintain specific tollways or transitways constructed within Louisiana. The board of directors consists of nine members, including the Governor, the Department of Transportation and the Department of Economic Development secretaries, President of the Senate and Speaker of the House of Representatives, or their designees.

Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, LA 70804-4516, was established in 1947 for the benefit of non-instructional personnel of the Louisiana public school system.

State of Louisiana

Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, LA 70804-4213, was established in 1947 to benefit all State employees except those excluded by statute.

Louisiana State Police Retirement System, 9224 Jefferson Hwy, Baton Rouge, LA 70809, was established in 1938 for the benefit of commissioned law enforcement officers as well as the secretary and deputy secretary of the Department of Public Safety.

Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123, was established in 1936 for the benefit of public school teachers.

The Louisiana Educational Television Authority (LETA), 7733 Perkins Road, Baton Rouge, LA 70810, is a blended component unit because the majority of its board members are appointed by the Governor and the State is able to impose its will on the organization through budgetary oversight. LETA's mission is to promote the benefits of educational and public television and to make programming available to Louisiana residents. LETA has one foundation that is reported as its component unit because LETA appoints the board members and there is a financial benefit/burden relationship between the two entities.

Discretely Presented Component Units

Discretely presented component units are reported in separate columns to emphasize that they are legally separate from the State. The voting majority of the following discretely presented component units' board members are appointed by the State and the State is able to impose its will on the organizations through budgetary oversight.

Board of Regents, 1201 North Third Street, Suite 6-200, Baton Rouge, LA 70802, is the policy-making board for the four higher education systems of the State.

Board of Supervisors of the Louisiana State University System, 3810 West Lakeshore Drive, Baton Rouge, LA 70808, is the managing and supervising board for the Louisiana State University System (LSU), which includes the following campuses:

- LSU and A&M College at Baton Rouge
- LSU Agricultural Center at Baton Rouge
- LSU at Alexandria
- LSU at Eunice
- LSU Health Sciences Center at New Orleans
- LSU Health Sciences Center at Shreveport
- LSU at Shreveport
- Paul M. Hebert Law Center at Baton Rouge
- Pennington Biomedical Research Center at Baton Rouge

The Board of Supervisors of the LSU System also operates the following general medical facilities in the State:

- Dr. Walter O. Moss Regional Medical Center in Lake Charles
- Earl K. Long Medical Center in Baton Rouge
- Huey P. Long Medical Center in Pineville
- Lallie Kemp Regional Medical Center in Independence
- Medical Center of Louisiana at New Orleans including Charity Hospital and University Hospital
- Leonard J. Chabert Medical Center in Houma
- University Medical Center in Lafayette
- Bogalusa Medical Center in Bogalusa
- University Hospital Shreveport
- E.A. Conway Medical Center in Monroe

Board of Supervisors of the University of Louisiana System, 1201 North Third Street, Suite 7-300, Baton Rouge, LA 70802, is the managing and supervising board for the following regional universities:

- Grambling State University at Grambling
- Louisiana Tech University at Ruston
- McNeese State University at Lake Charles
- Nicholls State University at Thibodaux
- Northwestern State University at Natchitoches
- Southeastern Louisiana University at Hammond
- University of Louisiana at Lafayette
- University of Louisiana at Monroe
- University of New Orleans

Board of Supervisors of the Southern University System, P.O. Box 10878, Baton Rouge, LA 70813, is the managing and supervising board of the Southern University System, which includes the following campuses:

- Southern University and A&M College at Baton Rouge
- Southern University at New Orleans
- Southern University at Shreveport
- Southern University Law Center at Baton Rouge
- Southern University Agricultural Research and Extension Center at Baton Rouge

Board of Supervisors of the Louisiana Community and Technical College System, 265 S. Foster Drive, Baton Rouge, LA 70806, is the managing and supervising board of seven community colleges, three technical community colleges, and the Louisiana Technical College with 34 branch campuses and one technical division.

The board of the following discretely presented component unit is appointed by and serves at the pleasure of the Governor.

Louisiana Stadium and Exposition District, P.O. Box 52439, New Orleans, LA 70152, is responsible for financing and operating an enclosed covered stadium, as well as other related facilities and structures for holding sporting events, athletic contests, exhibitions, and other events of public interest.

The voting majority of the following discretely presented component units' board members are appointed by the State and the State is able to impose its will on the organizations.

Louisiana Lottery Corporation, 555 Laurel Street, Baton Rouge, LA 70801-1813, a nonprofit corporation, conducts and administers the State lottery to ensure the integrity of the lottery and maintain the dignity of the State and the general welfare of its people. The board of directors consists of nine members appointed by the Governor.

Greater New Orleans Expressway Commission, P.O. Box 7656, Metairie, LA 70010, was created to construct, operate, and maintain the Greater New Orleans Expressway. The fiscal year end of the commission is October 31.

Kenner Naval Museum Commission, 2538 Williams Blvd., Kenner, LA 70062, is responsible for the public display, maintenance, and restoration of the aircraft carrier U.S.S. Cabot-Dedalo and other naval museum vessels.

Levee Districts provide services necessary to ensure adequate drainage control and to protect lands within their respective districts from damage by flood and include:

- Amite River Basin Drainage and Water Conservation District, 3535 S. Sherwood Forest Blvd., Suite 135 Baton Rouge, LA 70816
- Atchafalaya Basin Levee District, P.O. Box 170, Port Allen, LA 70767
- Bayou D'Arbonne Lake Watershed District, P.O. Box 696, Farmerville, LA 71241. The district has a December 31 fiscal year end.
- Bossier Levee District, P.O. Box 8279, Bossier City, LA 71113
- Caddo Levee District, P.O. Box 78282, Shreveport, LA 71137-8282
- Fifth Louisiana Levee District, 102 Burnside Drive, Tallulah, LA 71282
- Lafitte Area Independent Levee District, 2654 Jean Lafitte Blvd., Lafitte, LA 70067
- Lafourche Basin Levee District, P.O. Box 670, Vacherie, LA 70090; the district has a December 31 fiscal year end.
- Natchitoches Levee and Drainage District, P.O. Box 1036, Natchitoches, LA 71458
- Nineteenth Louisiana Levee District, P.O. Box 267, Colfax, LA 71417
- North Lafourche Conservation, Levee and Drainage District, Drawer 230, Raceland, LA 70394. The district has a December 31 fiscal year end.
- Pontchartrain Levee District, P.O. Box 426, Litcher, LA 70071
- Red River, Atchafalaya, and Bayou Boeuf Levee District, P.O. Box 6235, Alexandria, LA 71306
- Red River Levee and Drainage District, P.O. Box 433, Coushatta, LA 71019

- South Lafourche Levee District, P.O. Box 426, Galliano, LA 70354
- Tensas Basin Levee District, P.O. Box 68, Rayville, LA 71269

Louisiana Agricultural Finance Authority, P.O. Box 3481, Baton Rouge, LA 70821-3481, was created to alleviate the severe shortage of capital and credit available for investment in agriculture in the State and to promote agriculture and forestry in Louisiana.

Louisiana Board of Cosmetology, 11622 Sunbelt Court, Baton Rouge, LA 70809, regulates and licenses members of the Cosmetology industry to maintain public health and welfare standards set by the State of Louisiana.

Louisiana Motor Vehicle Commission, 3519 12th Street, Metairie, LA 70002-3427, regulates all areas of the new car industry, including motor vehicle sales finance companies in Louisiana.

Louisiana Naval War Memorial Commission, 305 South River Road, Baton Rouge, LA 70802, has control over the destroyer U.S.S. Kidd and other naval memorial vessels. The Commission has a December 31 fiscal year end.

Louisiana Public Facilities Authority, 2237 S. Acadian Thruway, Suite 650, Baton Rouge, LA 70808, is a public trust authorized to issue obligations and provide funds to finance projects and programs in the best interest of the citizens of Louisiana. The authority has a December 31 fiscal year end.

Louisiana State Board of Private Investigator Examiners, 2051 Silverside Dr., Suite 190, Baton Rouge, LA 70808, regulates and licenses persons and businesses providing private investigative services.

Louisiana Used Motor Vehicle Commission, 3132 Valley Creek Dr., Baton Rouge, LA 70808, administers and enforces statutory provisions regarding the sale of used motor vehicles and parts.

Louisiana Utilities Restoration Corporation, P.O. Box 91154, Baton Rouge, LA 70802-9154, serves to finance utility system restoration costs.

Ouachita Expressway Authority, P.O. Box 2653, West Monroe, LA 71294, provides a well-maintained limited access highway system and promotes economic growth.

Poverty Point Reservoir District, P.O. Box 811, Delhi, LA 71232, was created to develop a multi-faceted water resource and recreation lake.

Relay Administration Board, P.O. Box 91154, Baton Rouge, LA 70821-9154, is charged with oversight of telephone relay services for the State, insuring equal access to telecommunications services for all hearing and speech impaired citizens. The board has a December 31 fiscal year end.

State of Louisiana

Road Home Corporation, doing business as Louisiana Land Trust, P.O. Box 4549, Baton Rouge, LA 70821, was created for the acquisition, disposition, purchase, renovation, leasing, or expansion of housing stock to help Louisiana residents displaced by the hurricanes get back into a home or apartment as quickly and fairly as possible.

Sabine River Authority of Louisiana, 15091 Texas Highway, Many, LA 71449-5718, is charged with the development of Toledo Bend resources within the State.

Although the State does not appoint a voting majority of the boards of the entities listed below, they are fiscally dependent on the State.

Greater Baton Rouge Port Commission, P.O. Box 380, Port Allen, LA 70767-0380, regulates commerce and traffic within the port area. The fiscal year end of the port commission is December 31.

Capital Area Human Services District, 4615 Government Street, Building 2, Baton Rouge, LA 70806, was established to direct the operation of community-based programs and services relative to public health, mental health, developmental disabilities, and addictive disorder services for the parishes of Ascension, East Baton Rouge, East Feliciana, Iberville, Pointe Coupee, West Baton Rouge, and West Feliciana.

Florida Parishes Human Services Authority, 11236 Hwy. 16 West, Amite, LA 70422, was established to direct the operation and management of mental health, developmental disabilities, and addictive disorders services for the residents of Livingston, St. Helena, St. Tammany, Tangipahoa, and Washington parishes.

Jefferson Parish Human Services Authority, 3301 W. Esplanade Avenue, Suite 213, Metairie, LA 70002, was established to provide administration, management, and operation of mental health, developmental disabilities, and addictive disorders services for the residents of Jefferson Parish.

Metropolitan Human Services District, 1010 Common Street, Suite 600, New Orleans, LA 70112, was established to direct the operation and management of mental health, developmental disabilities, and addictive disorders services for the residents of Orleans, St. Bernard, and Plaquemines parishes.

South Central Louisiana Human Services Authority, 7942 Park Avenue, Houma, LA 70364, was established to direct the operation and management of community-based programs and services relative to mental health, developmental disabilities, and substance abuse services for the residents of Assumption, Lafourche, St. Charles, St. James, St. John the Baptist, St. Mary, and Terrebonne parishes.

Louisiana Economic Development Corporation, P.O. Box 94185, Baton Rouge, LA 70804-9185, was established to serve as the single review board and administrator of the Department of Economic Development's financial assistance programs, such as loan guarantees and venture capital for small- and medium-sized businesses.

The Louisiana Housing Corporation (LHC) is a discretely presented component unit whose board members are appointed by the State and the State has a financial benefit/burden relationship with the corporation. LHC, 2514 Quail Drive, Baton Rouge, LA 70808, is responsible for managing the State's housing programs, most of which focus on providing affordable housing for persons with low and moderate incomes.

Due to the nature and significance of the relationship between the following entities and the State, the financial statements would be misleading or incomplete if they were excluded.

Louisiana Cancer Research Center, 1615 Poydras St., Suite 1000, New Orleans, LA 70112, conducts research and promotes education in the diagnosis, detection, and treatment of cancer.

Louisiana Citizens Property Insurance Corporation, 433 Metairie Road, Suite 600, Metairie, LA 70005, is a nonprofit organization created to provide insurance plans to residential and commercial property applicants who are unable to procure insurance through the voluntary market. Louisiana Citizens Property Insurance has a December 31 fiscal year end.

Southeast Louisiana Flood Protection Authority-East, 6508 Spanish Fort Blvd., New Orleans, LA 70124-4322, and Southeast Louisiana Flood Protection Authority-West, 7001 River Road, Marrero, LA 70072, were created to provide regional coordination of flood protection. These two authorities are reported together as the Southeast Louisiana Flood Protection Authority-East and West (SLFPA-East and West). Entities under SLFPA-East and West for fiscal year 2012 include the Board of Commissioners-SLFPA-East, Board of Commissioners-SLFPA-West, Algiers Levee District, East Jefferson Levee District, Lake Borgne Basin Levee District, Orleans Levee District, and West Jefferson Levee District.

White Lake Preservation, Inc, P.O. Box 480, Gueydan, LA 70542, operates, manages, and supervises all activities on the White Lake Property consistent with "Conservation Purposes."

External Investment Pools

Louisiana Asset Management Pool (LAMP), 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130-9957, is a cooperative endeavor to establish an external local government investment pool administered by the State Treasurer. LAMP has a December 31 fiscal year end.

The Patients' Compensation Investment Trust Fund is comprised of assets of the Patients' Compensation Oversight Board, P.O. Box 3718, Baton Rouge, LA 70821. The Board has entered into a cooperative endeavor with the State Treasurer to hold and manage investments for the Board in the investment trust fund.

The Education Excellence Local Government Investment Trust Fund is comprised of cash and investments of certain local school boards from their share of proceeds and investment earnings from the Tobacco Settlement Agreement. LRS 39:99 allows local school boards the opportunity to enter into a contract to have its tobacco money invested and managed on its behalf by the State Treasurer's Office.

Related Organizations

Related organizations are those entities for which a primary government's accountability does not extend beyond appointing a voting majority of the board. The State is not financially accountable for the following related organizations, and they are not reported in the accompanying basic financial statements.

- Algiers Park Commission
- Allen Parish Reservoir District
- Ambulance Service District Commission
- Ascension-St. James Airport and Transportation Authority
- Associated Branch Pilots of the Port of Lake Charles
- Associated Branch Pilots of the Port of New Orleans
- Bayou Desiard Restoration Commission
- Bayou Lafourche Fresh Water District
- Castor Creek Reservoir District
- Crescent River Port Pilots' Association
- Ernest N. Morial New Orleans Exhibition Hall Authority
- Fourteenth and Sixteenth Wards Neighborhood Development District
- Gentilly Taxing District
- Glen Oaks Crime Prevention and Improvement District
- Grand Isle Independent Levee District
- Greater Ouachita Port Commission
- Iberia Parish Levee, Hurricane, & Conservation District
- John K. Kelly Grand Bayou Reservoir District
- Lake Vista Crime Prevention District
- Louisiana International Deep Water Gulf Transfer Terminal Authority
- Foundation for Louisiana
- New Orleans and Baton Rouge Steamship Pilots' Association
- North Lafayette Redevelopment Authority
- Parish Hospital Service Districts
- Patient's Compensation Fund Oversight Board
- River Region Cancer Screening and Early Detection District
- St. Mary Levee District
- Seventh Ward Neighborhood Development District
- South Tangipahoa Parish Port Commission

- Southwest Acadiana Parishes Public Housing Rehabilitation District
- Terrebonne Levee and Conservation District
- Twelfth and Thirteenth Wards Neighborhood Development District
- West Ouachita Parish Reservoir Commission

Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (1) an ongoing financial interest or (2) an ongoing financial responsibility. The purposes of a joint venture are to pool resources and share the costs, risks, and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specific service recipients.

The Sabine River Authority of Louisiana, 15091 Texas Highway, Many, LA 71449-5718, participates equally with the Sabine River Authority of Texas in the Sabine River Compact Administration (Compact) and through the Sabine River Authority, with the Sabine River Authority of Texas, 450 Spur 135, Burkeville, TX 75932, in the Toledo Bend Joint Operation (Joint Operation). Separate financial statements are prepared for the operations of both the Compact and the Joint Operation and may be obtained by contacting the entities at the addresses above. The Compact was created under authority granted by an act of the Congress of the United States to provide equitable apportionment of the waters of the Sabine River and its tributaries. A five-member board composed of two members appointed by the governors of each state and one non-voting, ex-officio member appointed by the President of the United States administer the Compact. The Joint Operation was established by joint resolution of the Sabine River Authorities of Texas and Louisiana for the construction and operation of the Toledo Bend Dam and Reservoir project administered by a board composed of three members appointed by the Texas Authority and three members appointed by the Louisiana Authority. Costs of the Compact not paid by the federal government are to be paid equally by the two States, which share equally in the costs of the Joint Operation. Each State owns an undivided one-half share of all lands acquired for the project, and each State owns and is entitled to 50% of the water produced and 50% of the power generated by the Joint Operation and may sell, use, or otherwise dispose of its share without consent and permission of the other Authority.

The Sabine River Authority of Louisiana's share of the joint ventures is reported as a discrete component unit in the accompanying basic financial statements. For fiscal year 2012, the Sabine River Authority of Louisiana reported an increase in net assets of \$332,741 from fiscal year 2011.

The Pest Control Compact Insurance Fund Governing Board, P.O. Box 3481, Baton Rouge, LA 70821-3481,

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participates equally in the multistate Pest Control Compact and through the Interstate Pest Control Compact, 845 Sutherland Drive, Saint Albans, WV 25177. The Insurance Fund must annually submit to the governor of each party state a report covering its activities for the preceding year. Louisiana's participation in the Compact was confirmed by the Louisiana Legislature to alleviate financial losses from the depredations of pests and to protect fully against those pests that present serious dangers. The governing board of the Insurance Fund is made up of one representative from each party state that shall be entitled to one vote on such board; if provisions are made, the United States may be represented on the board not to exceed three representatives with non-voting powers. The budget of each party state shall contain a specific recommendation of the amount or amounts to be appropriated by each party state, which is one-tenth of the total budget in equal shares and the remainder in proportion to the value of agriculture and forest crops and products. The party states may request expenditures from the Insurance Fund.

Jointly Governed Organizations

A jointly governed organization is one governed by representatives from each of the governments creating it and one in which the participants do not retain an ongoing financial interest or financial burden; therefore, they are not reported in the accompanying basic financial statements. These organizations include the Gulf States Marine Fisheries Commission, Southern High-Speed Rail Commission, Interstate Commission for Adult Offender Supervision, Interstate Insurance Product Regulation Compact and Commission, Interstate Commission for Juveniles, and Interstate Commission on Educational Opportunity for Military Children.

B. BASIS OF PRESENTATION

The financial report consists of Management's Discussion and Analysis (MD&A), basic financial statements, notes to the basic financial statements, and required supplementary information other than the MD&A. The MD&A provides an analytical overview of the financial activities of the State. The basic financial statements include the government-wide financial statements, fund financial statements, and notes to the basic financial statements.

The government-wide statements consist of a Statement of Net Assets and a Statement of Activities. These statements are prepared using the economic resources measurement focus and accrual basis of accounting. Major revenues such as sales tax, general severance tax, gasoline tax, and tobacco tax are assessed, collected, and susceptible to accrual. Assets, liabilities, revenues, and expenses of the government are reported in the financial statements. The statements distinguish between the governmental and business-type activities of the primary government and between the total primary government and its component units by reporting each in separate columns. Fiduciary activities and component units that are fiduciary in nature, whose resources are not available to

finance the government's programs, are excluded from the government-wide statements.

All capital (long-lived) assets, receivables, and long-term obligations are reported in the Statement of Net Assets. The Statement of Activities reports revenues and expenses in a format that allows the reader to focus on the net cost of each function of the State. Both the gross and net cost per function, which is otherwise being supported by general government revenues, is compared to the revenues generated directly by the function. In the Statement of Activities, gross expenses, including depreciation, are reduced by related program revenues, which are comprised of charges for services, operating grants, and capital grants. Direct and indirect expenses are reported as program expenses for individual functions and activities. The program revenues must be directly associated with the function or a business-type activity. The types of transactions included in program revenues are sales of commodities, licenses, permits, and fees. The operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The fund financial statements report the State as a collection of major and nonmajor funds presented on separate schedules by fund category – governmental, proprietary, and fiduciary funds.

- The governmental fund statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances, with one column for the General Fund, one for each of the other major funds, and one column combining all the nonmajor governmental funds. The statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period, generally considered 45 days after the end of the fiscal year, except for federal grants, which generally are considered available for 12 months after the end of the fiscal year. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest payments on general long-term liabilities, which are recognized when due.
- The proprietary fund statements include a balance sheet; a statement of revenues, expenses, and changes in fund net assets; and a statement of cash flows. Each statement has a column for the major enterprise fund, one that combines all the nonmajor enterprise funds, and one column that reports all internal service funds. The proprietary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting in order to make a determination of net income, financial position, and cash flows. Internal service funds are included in governmental activities for government-wide reporting purposes, and the

excess revenues or expenses from the funds are allocated to the appropriate functional activity.

- The fiduciary fund statements include a statement of fiduciary net assets and a statement of changes in fiduciary net assets, with one column for each of the four types of fiduciary funds. The statements are prepared using the economic resources measurement focus and the accrual basis of accounting, except for agency fund statements which use the accrual basis but do not have a measurement focus, as they report only assets and liabilities.

Although the financial statements presented in each of these three schedules contain "total" columns, they merely combine rather than consolidate the funds. Hence, interfund transactions that generate receivables and payables or transfers from one fund to another are not eliminated.

Major funds are those whose revenues, expenditures/expenses, assets, or liabilities are at least 10 percent of the total for their fund category or type (governmental or enterprise) and at least five percent of the corresponding element total for all governmental and enterprise funds combined.

The data on the face of the three sets of financial statements must be accompanied by certain disclosures to ensure accurate information is presented in the financial report. This additional information is presented in the form of a single set of notes to the basic financial statements.

Governmental Funds

The major governmental funds of the State are the General Fund, the Bond Security and Redemption Fund, Capital Outlay Escrow Fund, and the Louisiana Education Quality Trust Fund.

General Fund - The General Fund is the principal operating fund of the State, and was established administratively to provide for the distribution of funds appropriated by the state legislature for the ordinary expenses of state government. Transactions related to resources that are not accounted for in other funds are recorded in the General Fund. Revenues include the direct deposit of federal grants and the transfer of state revenues from the Bond Security and Redemption Fund after debt requirements and obligations to other funds are met.

Bond Security and Redemption Fund - This fund is used to provide for the collection of all money deposited into the State Treasury except federal funds, donations, or other forms of assistance when the terms and conditions of the related agreements require otherwise. Each fiscal year, an amount is allocated from this fund sufficient to pay all obligations secured by the full faith and credit of the State that are due and payable within the current fiscal year, including debt principal, interest, premiums, and sinking or reserve funds. Except as otherwise provided by law,

money remaining in the fund is credited to the General Fund at year-end.

Louisiana Education Quality Trust Fund - Once requirements of the Bond Security and Redemption Fund have been met, certain funds received from the federal government attributable to mineral production or leases on the outer continental shelf are deposited by the State Treasurer into this fund. The money is held in a trustee capacity to be used for various educational purposes.

Capital Outlay Escrow Fund - This fund provides for the capital outlay expenditures of state government, state institutions, and other public entities as appropriated by the legislature. Sources of funding include federal revenues, transfers from the General Fund and Transportation Trust Fund, interest earnings, and contributions from other sources.

Proprietary Funds

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the State has elected to follow GASB statements issued after November 30, 1989, rather than the Financial Accounting Standards Board statements, in accounting for enterprise funds and business-type activities. These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services as their principal operation. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The State has two types of proprietary funds:

- *Internal service funds* account for the provision of services, primarily to internal customers, on a cost reimbursement basis. The activities accounted for in internal service funds include copy and mail services, aircraft services, telecommunications, regional laundry services, and financing and acquiring public facilities for lease to the State.
- *Enterprise funds* account for the activities for which fees are charged to external users for goods or services.

The State's major enterprise fund is the Unemployment Trust Fund.

Unemployment Trust Fund - This fund accounts primarily for the unemployment tax payments from employers to be used for the payment of unemployment benefits to eligible claimants.

Fiduciary Funds

By definition, these funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds, and cannot be used to address

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activities or obligations of the government. These funds are presented in the fund financial statements, but are not incorporated into the government-wide statements. There are four types of fiduciary funds:

- *Pension trust funds* account for resources held in trust for members and beneficiaries of the four employee pension plans.
- *Investment trust funds* account for the portion of the government's investment pools that belong to others.
- *Private-purpose trust funds* report all other trust arrangements benefiting those outside the government.
- *Agency funds* contain resources held by the government in a temporary, purely custodial capacity for others (excluding agencies of the State) and do not involve measurement of results of operations. This method of reporting is consistent with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, paragraph 111.

C. ASSETS, LIABILITIES, AND NET ASSETS, EQUITY, OR NET FUND BALANCES

Cash and Investments

The State Treasurer pools those cash resources for which he is responsible and invests them accordingly. For purposes of the financial statements, including the Statement of Cash Flows, the State considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Cash and investment earnings are recorded in the General Fund unless statutorily dedicated to specific funds. Cash and investment limitations are discussed in Note 2 (Deposits and Investments).

Receivables and Payables

Activity between funds that is outstanding at the end of the fiscal year is referred to as either "due to or due from other funds" or "advances to or advances from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Amounts reported in the funds as receivable from or payable to fiduciary funds are included in the statement of net assets as receivable from and payable to external parties rather than as "internal balances." All internal balances are eliminated in the total primary government column. Receivables of the primary government and its component units or between those components include all amounts susceptible to accrual that have not been collected at June 30, but will be collected soon enough after the end of the year to pay liabilities of

that year. They include all amounts earned, but not collected, at June 30. Receivables (net of any uncollectible amounts) and payables are reported on separate lines.

Inventories and Prepaid Items

Inventories consisting predominately of materials and supplies held for consumption, merchandise and livestock held for resale, and expendable medical supplies are valued primarily using the average cost method. The consumption method is used for financial reporting. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Derivatives

In accordance with their investment authority, certain governmental funds and blended component units invest in derivative financial instruments. These derivatives are held in part to maximize yields on investments and in part to hedge against changes in interest rates. Risks associated with derivative instruments include the potential for credit loss in the event of nonperformance by other parties to the contracts, market risk as a result of possible future changes in market prices, and legal risk, the risk that a transaction will be prohibited by law, regulation, or contract.

Restricted Assets

Restricted assets represent primarily cash, investments, and receivables held separately and restricted according to applicable bond indenture agreements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure is reported retroactively to 1960. Capital assets are recorded as expenditures generally in the Capital Outlay Escrow Fund at the fund level and capitalized at the government-wide level; fixed assets of enterprise and internal service funds are reported in the respective funds. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. For reporting purposes, the State has defined capital assets as follows:

- Land is an inexhaustible asset with no capitalization threshold and an unlimited useful life; therefore, it is not depreciated.
- Movable property consists of assets that are not fixed or stationary in nature with an initial, individual cost of at least \$5,000. The straight-line method of depreciation is used, which divides the historical cost by the estimated useful life of the asset, generally 5 to 10 years.

- Buildings are permanent structures erected above ground, while improvements are major repairs, renovations, or additions that increase the future service potential of the asset. Leasehold improvements are improvements made by the lessee to leased property. The capitalization threshold for buildings and improvements is \$100,000. They are depreciated principally using the straight-line method with an estimated useful life typically of 40 years for structures and improvements and 20 years for depreciable land improvements. Leasehold improvements are depreciated using the straight-line method with an estimated useful life depending on the term of the lease. Construction-in-progress is not depreciated.
- Infrastructure assets are roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Infrastructure has a capitalization threshold of \$3,000,000, and is depreciated using the straight-line method with an estimated useful life of 40 years.
- Purchased computer software has a capitalization threshold of \$1,000,000 and is depreciated using the straight-line method over an estimated useful life of 3 years.
- Internally generated software has a capitalization threshold of \$1,000,000, and is depreciated using the straight-line method over an estimated useful life determined by its value. Internally generated software valued at \$10,000,000 or less is depreciated over 7 years and internally generated software valued over \$10,000,000 is depreciated over 10 years.
- Historical treasures and works of art are items held for public exhibition, educational purposes, or research in enhancement of public service instead of financial gain, and therefore are not capitalized or depreciated.
- Donated fixed assets are valued at their estimated fair market value at the time of donation.

Hospitals and medical units within Louisiana State University Health Sciences Center are subject to federal cost reporting requirements and use capitalization and depreciation policies of the Centers for Medicare and Medicaid Services (CMS) to ensure compliance with federal regulations. These capitalization policies include a threshold of \$5,000 for all assets, depreciable lives greater than 40 years on some assets, and recognition of a half year of depreciation in the year of acquisition and final year of useful life.

Compensated Absences

Classified and unclassified state employees earn annual leave and sick leave at various rates depending on the number of years of service. The amount of annual and sick leave that may be accrued by each employee is unlimited. An employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. For employees under the supervision of the Board of Elementary and Secondary Education or other boards of control of publicly supported

educational institutions, LA Revised Statutes (LRS) 17:425 provides for payment of up to 25 days of unused sick leave at the time of retirement, or death if prior to retirement.

Upon a member's retirement, annual leave balances in excess of 300 hours and the number of hours of unused sick leave are converted into years or fractions of years and added to the number of years of service earned by the retiree. Unused annual and sick leave is applied to the number of years of service only for computing the rate of pay due to the retiree and does not count toward the number of years necessary for retirement. Act 343 of 1993 allows members retiring after August 15, 1993, to elect to receive an actuarially determined lump-sum payment for unused leave that would have been converted for retirement credit.

An employee who is required to work overtime may, at the option of the appointing authority, be credited with compensatory leave for the hours required to work. Certain employees earn this leave at time and one-half, whereas others earn on an hour-for-hour basis. Generally, employees in positions at or below a certain pay level may be paid upon separation or transfer, based on the employee's final regular rate of pay. Compensatory leave for all other employees is canceled upon separation or transfers from the department in which it was earned.

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental or business-type activities. In the fund financial statements, proprietary fund long-term obligations are reported as liabilities in the proprietary fund type statement of net assets. The General Fund has typically been used to liquidate other long-term liabilities such as compensated absences, claims and litigation payable, etc. (see "Other liabilities," Note 8, Section D, under "Governmental Activities"). Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. In accordance with paragraph 16 of the Accounting Principles Board Opinion No. 21, unamortized balances of premiums and discounts are netted against the outstanding balance of the related bonds payable. Unamortized premium and discount balances are displayed in Note 8, Section D.

Fund Balance Classifications and Net Assets

Fund balances are reported under the following fund balance classifications:

- **Nonspendable** – includes amounts that cannot be spent because they are not in spendable form (e.g., inventories) or are legally or contractually required to be maintained intact (e.g., corpus of a permanent fund).
- **Restricted** – includes amounts that have constraints placed on the use of the resources either by an external party or by imposition of law through constitutional provisions or enabling legislation.

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- Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the State Legislature, the State's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the state legislature removes or changes the specified use by taking the same type of action employed to commit those amounts. This formal action is the passage of law by the Legislature, or creating, modifying or rescinding an appropriation.
- Assigned – includes amounts that are constrained by the state's intent to be used for specific purposes, but are neither restricted nor committed. Through acts of the State Legislature, the Joint Legislative committee on the budget and the Office of Planning and Budget, under the authority of the Commissioner of Administration, have been delegated the authority to assign amounts to be used for specific purposes.
- Unassigned – includes amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund.

The State has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed, assigned, and unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the general policy of the State is to use committed resources first, followed by assigned, and then unassigned. The use of restricted/committed resources may be deferred based on a review of the specific transaction.

The difference between assets and liabilities is "net assets" on the government-wide, proprietary, and fiduciary fund statements. Net assets are segregated into three categories on the government-wide statement of net assets: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. Invested in capital assets, net of related debt, consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other debt attributable to the acquisition, construction, or improvement of such assets. Restricted Net Assets represent the portion of net assets that are constrained either externally by parties such as creditors or grantors, or legally through constitutional provisions or enabling legislation. The State first uses restricted assets for expenses incurred when both restricted and unrestricted net assets are available for use. The use of restricted assets may be deferred based on a review of the specific transaction.

D. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation of the government-wide statements to the governmental fund financial statements. This reconciliation is necessary to bring the financial statements from the

current financial resources measurement focus and modified accrual basis of accounting to the economic resources measurement focus and full accrual basis of accounting. Major items included in the reconciliation are capital assets, inventories and prepaids, long-term debt, accrued interest, long-term liabilities, assets and liabilities of internal service funds, and deferred revenue, which are shown on the government-wide but not the governmental fund statements.

E. BUDGETS AND BUDGETARY ACCOUNTING

Legislation requires that on or before November 15, the head of each spending agency submit to the Governor, the Joint Legislative Committee on the Budget, and the Legislative Fiscal Office an estimate of the financial requirements and receipts of the budget unit for the upcoming fiscal year (LRS 39:33). The Governor is required to prepare an executive budget and transmit a copy to each member of the Legislature on the first day of the regular session (LRS 39:37). The budget is enacted into law by the Legislature and sent to the Governor for signature. The State Constitution prohibits the passage of an unbalanced budget (Article VII, Section 10). The Governor may veto any line item appropriation, subject to legislative override.

LRS 39:73 authorizes the transfer of funds between programs within a budget unit. The Commissioner of Administration may approve such a transfer when in aggregate the transfers are not more than 1% of the total appropriation to the budget unit and sufficient evidence is presented. The Commissioner, with the approval of the Joint Legislative Committee on the Budget, may approve the transfer of funds between programs within the budget unit when in aggregate the transfers do not exceed 25% of the total appropriation to the budget unit and sufficient evidence is presented. These and other requests for transfers are to be submitted by the budget unit to the Legislative Fiscal Office.

According to LRS 39:111, the Governor is required to submit to the Legislature, no later than the eighth day of the regular session, a proposed five-year capital outlay program. The Legislature enacts into law a bill incorporating the first year of the five-year capital outlay program. The Legislature adopts a concurrent resolution for the remaining four years of the five-year capital outlay program, itemizing the capital projects and the amount and source of funding for each of the subsequent four years.

According to LRS 39:77, in no event shall any budget unit commit to an expenditure in excess of the unencumbered balance of the allotment to which the resulting expenditure would be charged, without prior approval of the Interim Emergency Board and two-thirds of the Legislature. The Revenue Estimating Conference has been established to provide an official estimate of anticipated state revenues for each fiscal year. Appropriations by the Legislature from the state General Fund and dedicated funds for any fiscal year shall not exceed the official forecast in effect at the

time the appropriations are made. The Governor may direct the Commissioner of Administration to reduce or disapprove warrants in order to prevent a cash deficit.

In accordance with LRS 39:82(A), agencies are allowed 45 days for closing out prior year activities. This statute limits the use of appropriation balances after the June 30 close to true liabilities, delineates those items eligible for roll forward treatment, and establishes a 45-day period to request such carry-forwards. After that time, all appropriations lapse except permanent capital outlay appropriations that remain active until the projects are complete. Additionally, upon approval by the Commissioner of Administration, any federal funds and any state funds appropriated during a fiscal year specifically for matching federal grants may be carried forward into the upcoming year's appropriation.

Governments are required to present the original, final, and actual budgetary basis of the General Fund and each individual major special revenue fund that has a legally adopted annual budget. The accompanying Required Supplementary Information includes notes and a schedule making this comparison for the General Fund. For fiscal year 2012, there are no major special revenue funds.

The following governmental funds have legally adopted annual budgets:

- General Fund
- Bond Security and Redemption Fund
- Employment Security Administration Account
- Federal Energy Settlement Fund
- Incumbent Worker Training Account
- Labor Penalty and Interest Account
- Louisiana Tourism Promotion District
- Marsh Island Operating Fund
- Retirement System Insurance Proceeds Fund

- State Highway Fund #2
- Transportation Trust Fund

Each year, the Legislature enacts an appropriation bill to establish and re-establish ancillary funds to include the following enterprise and internal service funds: Administrative Services, Central Regional Laundry (ceased operations in August 2011), Safe Drinking Water Revolving Loan Fund, Donald J. Thibodeaux Training Complex, Louisiana Federal Property Assistance Agency, Louisiana Property Assistance Agency, Clean Water State Revolving Fund, Office of Aircraft Services, Office of Telecommunications Management, and Prison Enterprises. Re-established funds are allowed to retain any fund equity resulting from prior year operations. These and all monies from self-generated revenues are available for expenditure in the amounts appropriated. The Commissioner of Administration may approve increases from self-generated revenues, not exceeding in aggregate 5% of appropriated self-generated revenues. Only with the approval of the Division of Administration and the Joint Legislative Committee on the Budget will any larger increase in self-generated revenue over the amount appropriated be available to agencies for expenditure.

F. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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NOTE 2: DEPOSITS AND INVESTMENTS

A. DEPOSITS

Bank account and short-term investments, such as nonnegotiable certificates of deposit and money market deposit accounts, are included as deposits. In accordance with LRS 49:321, state depositing authorities shall require as security for deposit of state funds authorized bonds or other interest-bearing notes; authorized promissory notes, warrants, or certificates of indebtedness unmatured or payable on demand; or notes representing loans to students guaranteed by the Louisiana Student Financial Assistance Commission. Fair value, excluding interest, of such securities held by the depositing authority shall be equal to 100% of the amount on deposit to the credit of the

depositing authority except that portion appropriately insured. Designated depositories may be granted a period not to exceed five days from the date of any deposit to post the necessary security.

The following chart presents bank deposit balances for the primary government and its component units as of June 30, 2012. Deposits are listed in terms of whether they are exposed to custodial credit risk, which is the risk that the state's deposits may not be returned in the event of a bank failure. Deposits are exposed to custodial credit risk if they are either: a) uninsured and uncollateralized, b) uninsured and collateralized with securities held by the pledging financial institution, or c) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the name of the State.

Bank Deposit Balances (Expressed in Thousands) **Deposits Exposed to Custodial Credit Risk**

	Uninsured and Uncollateralized	Uninsured and Collateralized with Securities Held by Pledging Institution	Uninsured and Collateralized with Securities Held by Pledging Institution's Trust Dept. or Agent but not in State's Name	Total Bank Balances – All Deposits	Total Carrying Value – All Deposits
Primary Gov't & Fiduciary:					
Cash	\$	\$ 96,244	\$ 12,497	\$ 1,909,153	\$ 1,587,418
Certificates of Deposit			63	155,799	141,267
Other	13,471	659		167,821	166,898
Total Primary Gov't & Fiduciary:	\$ 13,471	\$ 96,903	\$ 12,560	\$ 2,232,773	\$ 1,895,583
Component Units:					
Cash	25,557	67,613	31,934	1,250,876	1,277,900
Certificates of Deposit		150	9,679	121,025	121,067
Other		8,181	100,077	227,689	203,145
Total Component Units	\$ 25,557	\$ 75,944	\$ 141,690	\$ 1,599,590	\$ 1,602,112
Total Bank Balances	\$ 39,028	\$ 172,847	\$ 154,250	\$ 3,832,363	\$ 3,497,695

B. INVESTMENTS

LRS 49:327 authorizes the State Treasurer to invest available monies in direct Treasury obligations, government agency obligations, corporate bonds, perfected repurchase agreements, and reverse repurchase agreements, time certificates of deposit in specified banks, savings accounts or shares of certain savings and loan associations and savings banks, or in share accounts and share certificate accounts of certain credit unions. Such securities shall not have maturity dates in excess of five years from the purchase date, except monies invested from special funds (those not considered general funds) which shall not exceed 10 years from the date of purchase. Repurchase Agreements must be collateralized by the pledge of securities at 102%. Funds not on deposit in the State Treasury are authorized to be invested in time

certificates of deposit of specified banks, in savings accounts or shares of specified savings and loan associations and savings banks, or in share accounts and share certificate accounts of specified credit unions. Funds determined to be available for investment for less than 30 days are authorized to be invested in direct United States Treasury obligations that mature in not more than 29 days after the date of purchase. These funds are also required to be fully insured or collateralized.

Because of limited maturity dates, availability of securities, and yield, perfected repurchase agreements are entered into for short-term management purposes. LRS 49:341 - 343 grants defined public entities the authority to invest bond proceeds and monies held in any fund established in connection with bonds in any direct obligation of, or obligation guaranteed by, the United States and in tax-

exempt bonds until proceeds are required to be expended for the purpose of the issue.

LRS 39:99 directs the State Treasurer to offer each local school board the opportunity to enter into contract with the State to have its share of tobacco settlement monies invested and managed on its behalf by the State Treasurer. The State Treasurer maintains these monies in a pooled investment known as the Louisiana Education Excellence Fund, an external investment pool that is not registered with the SEC as an investment company. The pool invests in Treasury obligations, corporate bonds, and other securities as prescribed by LRS 17:3803. The securities are valued at fair market value, which are updated at least weekly and as often as daily. The State Treasurer neither guarantees nor obtains any legally binding guarantee to support the values of the shares in the pool. Participant's share of investments sold and redeemed in the pool is determined on a dollar basis and the earnings of the fund are credited back to the participants on a pro rata basis. As of June 30, 2012 the par value of the securities within the Louisiana Education Excellence Trust Fund is \$31,388,866 and the carrying value, which equates fair market value, is \$31,822,761.

LRS 11:263 directs Louisiana's pension systems to invest in accordance with the prudent man rule. As used in this statute, the rule means that the systems "... act with the care, skill, prudence, and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims." Notwithstanding the prudent man rule, no governing authority of any system shall invest more than 55% of the total portfolio in equities. Pension systems are required to give weight to certain factors including, but not limited to the experience of the professionals who will manage each investment, the jurisdiction of the laws that govern each investment, and the risk of fluctuations in currency that may accompany each investment when making investment decisions. In addition, pension systems are further required to submit quarterly reports, as specified in the statute, to the House and Senate committees on retirement.

Generally, investment of funds by colleges and universities are subject to the same provisions of LRS 49:327 that govern the State Treasurer and State agencies. However, investment of funds of state colleges and universities derived from private sources such as gifts, grants, and endowments are governed by the "Uniform Prudent Management of Institutional Funds Act," LRS 9:2337.1 - 2337.8. If a donor has not provided specific instructions, state law permits the colleges and universities to authorize expenditure of the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the

purposes for which the endowment was established. For the fiscal year ended June 30, 2012, \$39,690,889 net appreciation of investments of endowment funds was available to be spent; \$38,011,459 was restricted for specific purposes. These amounts are reported in the financial statements of the colleges and universities as restricted expendable net assets, except for that which is unrestricted.

Authorized investments include "mortgages, stocks, bonds, debentures, and other securities of profit or nonprofit corporations, shares in or obligations of associations, partnerships, or individuals, and obligations of any government or subdivision or instrumentality thereof." In investing funds, the governing board of the college or university must exercise ordinary business care and prudence under the facts and circumstances prevailing at the time of the investment action or decision.

Management of the cash and investments held by the State Treasurer is independent of the automated accounting system of the state. The vast majority of the cash reported on the financial statements within all fund types is reported by the State Treasurer as investments for this note disclosure. In order to accurately compare the cash and investments shown on the accompanying financial statements with the carrying values of deposits and investments in the schedules presented as part of this note disclosure, the following reconciliation is provided (amounts expressed in thousands):

Carrying Value of Deposits per Note	\$ 3,497,695	
Carrying Value of Investments per Note	40,993,622	\$ 44,491,317
Cash per Financial Statements	\$ 7,932,166	
Investments per Financial Statements	34,903,499	
Restricted Cash per Financial Statements	623,474	
Restricted Investments per Financial Statements	1,544,076	
Reconciling Items between Note and Financial Statements	(511,898)	\$ 44,491,317

C. INVESTMENTS - CUSTODIAL CREDIT RISK

The following chart presents the investment position of the State at June 30, 2012, unless otherwise noted. The various types of investments are listed and presented by whether they are exposed to custodial credit risk by the State. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the State will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed

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to custodial credit risk if the securities are uninsured and
unregistered and are either held by the counterparty, or by

the counterparty's trust department or agent but not in the
name of the State.

Schedule of Investments Carrying Amount (Expressed in Thousands)

	Investments Exposed to Custodial Credit Risk			
	Uninsured, Unregistered, and Held by Counterparty	Uninsured, Unregistered, and Held by Counterparty's Trust Dept. or Agent but not in the State's Name	All Investments Reported Amount	All Investments Fair Value
General Government:				
Negotiable Certificates of Deposit		\$121	\$4,417	\$4,417
Repurchase Agreements		9,231	39,855	39,855
U.S. Government Obligations:				
On Securities Loan			5,044,991	5,044,991
Not On Securities Loan		468	262,232	262,232
Common & Preferred Stock		9,507	32,946	32,946
Domestic & Foreign Bonds			2,154,698	2,154,698
Mortgages, Notes and Other			90,395	90,395
Miscellaneous Short Term			1,588	1,588
Mutual Funds		87,233	597,941	597,941
Miscellaneous			4,000	4,000
Total General Government		106,560	8,233,063	8,233,063
Retirement Systems and Other Trusts:				
Repurchase Agreements			307,615	307,615
U.S. Government Obligations:				
On Securities Loan			611,421	611,421
Not On Securities Loan			1,689,281	1,689,281
Common & Preferred Stock:				
On Securities Loan			2,051,726	2,051,726
Not On Securities Loan			10,698,937	10,698,937
Domestic & Foreign Bonds:				
On Securities Loan			203,275	203,275
Not On Securities Loan			2,928,939	2,928,939
Mortgages, Notes and Other			252,469	252,469
Miscellaneous Short Term			2,572,364	2,572,364
Mutual Funds			493,076	493,076
Real Estate			1,194,859	1,194,859
Synthetic Guaranteed Investment Contracts			350,582	
Mezzanine Financing Investments			380,772	380,772
Alternative Investments			5,084,321	5,084,321
Collateral Held Under Securities Lending Program		38,728	1,949,194	1,949,194
Total Retirement Systems and Other Trusts		38,728	30,768,831	30,418,249
Total Primary Government and Fiduciary		145,288	39,001,894	38,651,312
Component Units:				
Negotiable Certificates of Deposit		19,836	26,044	26,044
Repurchase Agreements			30,143	30,143
U.S. Government Obligations		21,993	480,417	480,513
Common & Preferred Stock			51,988	63,210
Domestic & Foreign Bonds		48,543	278,415	278,415
Mortgages, Notes & Other			108,463	108,463
Mutual Funds	\$18,036		594,000	594,000
External Investment Pool			111,229	111,229
Real Estate			15,467	15,467
Alternative Investments			67,099	67,099
Investments Held in Private Foundations			228,463	228,463
Total Component Units	18,036	90,372	1,991,728	2,003,046
TOTAL INVESTMENTS	\$18,036	\$235,660	\$40,993,622	\$40,654,358

D. INVESTMENTS - INTEREST RATE RISK

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. Also, investments can be highly sensitive to changes in interest rates due to their terms or characteristics.

State Treasury

The State Treasury limits the interest rate risk of the General Fund by limiting maturities of its investments to five years or less. The interest rate risk of certain special funds within the State Treasury is limited by restricting maturities of their investments to ten years or less. The interest rate risk of the Louisiana Education Quality Trust

Fund (LEQTF), Millennium Trust Fund, and the Medicaid Trust Fund portfolios are limited by managing their maturity and duration using fixed income indices as benchmarks to gauge and limit such risk. Further, these portfolios' durations are limited by policy to 15 years or less for LEQTF, and 10 years or less for the Millennium Trust Fund and the Medicaid Trust Fund to minimize interest rate risk. The State Treasury has no investments with fair values that are highly sensitive to changes in interest rates due to their terms or characteristics.

As of June 30, 2012, the State Treasury had the following debt investments and maturities (amounts expressed in thousands).

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater Than 10
U.S. Government Obligations	\$3,679,230	\$1,890,784	\$1,645,510	\$104,423	\$38,513
U.S. Agency Obligations	1,621,442	619,133	513,049	344,079	145,181
Corporate Bonds	1,042,361	26,192	431,173	295,553	289,443
Municipal Bonds	1,015,706	19,615	215,500	184,133	596,458
Non US Sovereign Securities	13,000	5,000	8,000		
Total	\$7,371,739	\$2,560,724	\$2,813,232	\$928,188	\$1,069,595

Retirement Systems and Other Trusts

At June 30, 2012, the Louisiana School Employees' Retirement System (LSERS) held \$419,989,042 in total debt investments, \$51,897,970 with maturities of less than 1 year, \$120,671,962 with maturities of 1 to 5 years, \$81,948,512 with maturities of 6 to 10 years, and \$165,470,598 with maturities of more than 10 years. The Louisiana State Employees' Retirement System (LASERS) held \$2,608,226,851 in total debt investments, \$1,142,546,180 with maturities of less than 1 year, \$521,760,429 with maturities of 1 to 5 years, \$490,642,331 with maturities of 6 to 10 years, and \$453,277,911 with maturities of more than 10 years. The Teachers' Retirement System of Louisiana (TRSLA) held \$3,334,144,763 in total debt investments, \$969,641,447 with maturities of less than 1 year, \$703,960,068 with maturities of 1 to 5 years, \$786,549,076 with maturities of 6 to 10 years, and \$873,994,172 with maturities of more than 10 years. The Louisiana State Police Retirement System (LSPRS) held \$39,550,605 in total debt

investments, \$1,035,520 with maturities of less than 1 year, \$10,152,309 with maturities of 1 to 5 years, \$10,013,614 with maturities of 6 to 10 years, and \$18,349,162 with maturities of more than 10 years.

The TRSLA and LSPRS investment policies expect its fixed income managers to approximate the portfolio's duration to established benchmarks for fixed income investments. LSERS investment policy indicates that its fixed income securities portfolio is limited to 20% for domestic and 15% for international debt securities. LASERS have no formal interest rate risk policy, but LASERS expects its fixed income managers to approximate the portfolio's duration to within two years of its respective benchmarks for fixed income investments.

The table below displays the aggregate total of the state retirement systems and other trusts debt investments by type and maturities (amounts expressed in thousands) as of June 30, 2012.

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Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater Than 10
U.S. Government obligations	\$1,246,606	\$100,859	\$247,978	\$250,313	\$647,456
U.S. Agency obligations	306,333	6,170	130,904	99,961	69,298
Mortgage backed securities and Collateralized mortgage obligations	348,325	4,952	655	22,027	320,691
Corporate bonds	1,586,062	42,290	579,894	737,499	226,379
Foreign bonds	1,739,294	269,864	758,039	481,559	229,832
Mutual funds	223,631	4,220			219,411
Other bonds	241			16	225
Other	1,808,907	1,758,947	29,410	2,465	18,085
Total	\$7,259,399	\$2,187,302	\$1,746,880	\$1,593,840	\$1,731,377

E. INVESTMENTS - CREDIT RISK & CONCENTRATION OF CREDIT RISK

The credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality ratings of investments in debt securities as described by nationally recognized statistical rating organizations (rating agencies) such as Standard & Poor's (S&P) and Moody's. The concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools).

State Treasury

State statutes and investment policies limit the State Treasury investments to government securities with explicit guarantees by the U.S. government, agency securities with implicit U.S. government guarantees, and other fixed income securities with investment grade ratings by Moody's and S&P. The State Treasury has no limit on the amount it may invest in any one issuer.

Originally, Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) securities held by the State carried an implicit guarantee of the US Government, but are now backed by a capital pledge of the US government. Of the State Treasury's total investments, 4.95% are issues of the Federal National Mortgage Association (Fannie Mae) and 6.19% are issues of the Federal Home Loan Bank.

The accompanying table illustrates the State Treasury's investments exposure to credit risk as of June 30, 2012 (expressed in thousands):

Rating	Fair Value
U.S. Government Securities	\$3,679,230
U.S. Government Agencies (GSEs)	1,621,442
AAA	591,729
AA	692,624
A	381,618
BBB	477,235
BB	40,713
Equity Securities	87,787
Preferred Securities	19,282
Not Rated	413,942
Total	<u>\$8,005,602</u>

Retirement Systems and Other Trusts

The investment policies of the state's retirement systems and other trusts prescribe the level of credit risk to which their investments in debt securities are exposed. The Louisiana Asset Management Pool (LAMP, an investment trust fund) had investments in U.S. government agency obligations with a fair value of \$651,906,459, all of which were rated AAA by S&P and \$813,273,879 in commercial paper rated at either A-1 or A-1+.

The accompanying table illustrates the State's Other Trusts' investments exposure to credit risk as of June 30, 2012 (expressed in thousands):

Rating	Fair Value
U.S. Government Securities	\$129,291
U.S. Government Agencies (GSEs)	232,324
AAA	57,028
AA	135,991
A	79,113
BBB	3,105
Not rated	219,411
Total	<u>\$856,263</u>

LSPRS has the following investments that represent 5% or more of LSPRS's total investments at June 30, 2012:

(1) Loomis Sayles Fixed Income Fund; (2) Institutional Equity Funds; (3) State Street S&P 500 Flagship Fund;

and (4) State Street Aggregate Bond Market Index Securities Lending. None of the other retirement systems or trusts had investments in any one issuer (other than those issued or guaranteed by the U.S. government) that represented more than 5% of its total investments.

The following table details the total fair market value of investments in debt securities exposed to credit risk at June 30, 2012 for each of the state's retirement systems.

Rating	Fair Value (in thousands)			
	LSERS	LASERS	TRSLA	LSPRS
AAA	\$27,840	\$ 80,260	\$254,729	\$1,087
AA+	2,862	255,148		1,148
AA	3,070	6,939		1,036
AA-	820	152,802		2,509
A+	9,876	50,850		1,452
A	33,144	80,759		11,609
A-	32,783	57,510		5,273
A-1		367,139	37,588	
A-1+		176,042		
A-2			67,441	
A-3			82,603	
AA1			15,653	
AA2			7,175	
AA3			20,153	
BBB+	13,577	21,881		799
BBB	24,199	36,472		
BBB-	10,771	41,029		947
BB+	2,172	31,878		
BB	4,013	50,979		
BB-	3,807	64,869		
B+	660	70,475		
B	2,472	64,146		
B-	2,185	78,122		
B1			55,061	
B2			23,800	
B3			19,256	
BA1			13,904	
BA2			30,655	
BA3			36,322	
BAA1			97,060	
BAA2			93,266	
BAA3			19,756	
CA			663	
CAA1			14,823	
CAA2			11,176	
CAA3			2,359	
CCC+	1,446	39,711		
CCC	5,825	78,837		
CCC-		2,632		
CC	801	29,794		
C			1	
D	4,033	71,637		
NA			1,476,259	
VMIG1			822	
Not Rated	194,905	698,316	69,330	
Sec. Lending				
Collat. Pool				
Total	\$381,261	\$2,608,227	\$2,449,855	\$25,860

F. FOREIGN CURRENCY RISK

State Treasury

The State Treasury limits the foreign currency risk of the State's investments by prohibiting investing in instruments denominated in foreign currencies. Also, the State has no deposits held by the State Treasury denominated in foreign currencies.

Retirement Systems and Other Trusts

Louisiana School Employees' Retirement System's (LSERS) investment policy targets 15% of its portfolio to be invested in foreign marketable securities. However, at June 30, 2012, the current position is 7% and totals \$190,789,285. The Louisiana State Employees' Retirement System (LASERS) held foreign marketable securities with a fair value of \$1,669,112,034 at June 30, 2012 and the Teachers' Retirement System of Louisiana (TRSLA) held \$3,034,654,454. The Louisiana State Police Retirement System (LSPRS) investment policy allows no more than 15.0% of their portfolio to be international equities; however at June 30, 2012 the system held no international equities. The following table illustrates the total exposure to foreign currency risk at June 30, 2012 of \$4,894,555,773 by currency denomination and investment type:

Currency	Fair Value (U.S. dollars) (in thousands)	
	Bonds	Stocks & Other
Australian dollar	\$67,812	\$162,625
Brazilian real	42,822	50,721
British pound	60,510	727,899
Canadian dollar	16,307	148,406
Czech koruna		3,934
Danish krone		43,803
European euro	281,629	996,098
Hong Kong dollar		243,561
Hungarian forint	30,563	2,122
Indonesian rupiah	15,010	9,492
Israeli shekel		9,212
Japanese yen	209,829	584,888
Malaysian ringgit	56,597	17,794
Mexican new peso	155,606	26,419
New Taiwan dollar		196
New Turkish lira	22,303	19,423
New Zealand dollar	28,067	7,179
Norwegian krone	23,615	24,125
Peruvian pen	11,561	
Philippines Peso		1,932
Polish zloty	98,801	1,598
Russian ruble	26,992	
Singapore dollar	3,015	91,249
South African rand	49,298	53,632
South Korean won	21,502	58,560
Swedish krona	20,473	90,268
Swiss franc		245,368
Thailand baht	23,120	8,620
Total	\$1,265,432	\$3,629,124

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G. SECURITIES LENDING

State Treasury and Other Trusts

In accordance with its authority under LRS. 49:321.1, the State has entered into a securities lending agreement that functions as a reverse repurchase/repurchase arrangement, with Morgan Stanley acting as principal. Under the arrangement, Morgan Stanley purchases (or borrows) on an overnight basis that portion of the State's pool of U.S. Treasury and Agency securities which the State from time to time makes available for such purposes, with a simultaneous agreement to resell or repurchase such securities at the termination of the transaction. The reverse repurchase and repurchase transactions are executed pursuant to the terms of a paired repurchase agreement among the State, the Bank of New York and Morgan Stanley. The State receives U.S. Government Sponsored Entity, or "agency", collateral in return for the securities that it reverses to Morgan Stanley under the terms of the reverse repurchase transaction on a fixed-spread basis.

Four separate funds were included in the securities lending agreement for the fiscal year ending June 30, 2012. At June 30, 2012, the collateral exceeded the value of the securities on loan by \$425,844,932 for the general fund, \$20,523,122 for the Louisiana Education Quality Trust Fund (LEQTF), \$10,196,517 for the Medicaid Trust Fund for the Elderly (the Medicaid Trust), and \$20,749,065 for the Millennium Trust Fund (the Millennium Trust).

At June 30, 2012, the value of securities on loan was \$4,333,718,297 for the Treasurer's pooled general fund investments; \$232,915,217 for LEQTF; \$236,363,321 for the Medicaid Trust Fund; and \$241,994,496 for the Millennium Trust Fund.

In each transaction, Morgan Stanley delivers collateral from its account at the Bank of New York to the State's custodial account at the Bank of New York. The Bank of New York monitors the movement of the collateral to ensure it is sufficient (equal to at least 102% of the value of the securities borrowed) and in compliance with the terms of the reverse repurchase/repurchase agreement. Each morning, the overnight repurchase transaction is "reversed" and Morgan Stanley receives the collateral against its return of investments to the State. During the term of any particular transaction, the State's right to receive or sell the collateral is determined pursuant to the terms of the repurchase agreement, which provides for such rights upon borrower default, and in accordance with other applicable state and federal laws. The State has experienced no losses on securities lending transactions and loss indemnification is provided in the contract with Morgan Stanley.

As of June 30, 2012, the State had limited credit risk exposure because the market value of the U.S. Government and Government Sponsored Entity securities pledged as collateral to the State exceeded the value of securities the State had out on loan by \$477,313,636. The value of the securities on loan was \$5,044,991,331 and the total market value of the securities held as collateral was \$5,522,304,967. The value of the collateral securities was 109.46% of the value of loaned securities. The Risk to the State is further mitigated because loss indemnification is provided to the State in the securities lending contract with Morgan Stanley.

The State's security lending agreements also include U.S. Government and Government Sponsored Entity securities held within the State's other trust funds (Education Excellence, Patient's Compensation, & Louisiana Education Tuition & Savings Fund). As of June 30, 2012, the fair market value of the securities held within the trust funds was \$361,615,052 of which \$351,627,552 was on loan.

Retirement Systems

The Teachers' Retirement System of Louisiana (TRSLA), the Louisiana State Police Retirement System (LSPRS), the Louisiana School Employees' Retirement System (LSERS), and the Louisiana State Employees' Retirement System (LASERS) are authorized by their respective boards of trustees to operate securities lending programs. These programs are designed to produce supplemental income on investments with little or no additional risk. All securities are available for loan to pre-approved securities dealers. Securities dealers must meet specific criteria to be approved. The TRSLA and LSPRS lend securities for cash, cash collateral or other securities/investment collateral. The LASERS and LSERS lend securities for cash, cash collateral, and U.S. government securities. Additionally, LSERS may lend its securities for irrevocable letters of credit and LASERS may lend securities for other securities/investments collateral. Collateral held under the programs, which may be reinvested by the systems under the terms of the agreement with the broker/dealer, is recorded as an asset with a corresponding liability; otherwise, the collateral is not recorded on the Statement of Net Assets. None of the retirement systems may pledge or sell collateral securities received unless the borrower defaults.

The TRSLA lends domestic securities for cash collateral of 100%, domestic securities for other securities collateral at 102%, and international securities for cash collateral or other securities collateral of 105%. The LSPRS, LSERS and LASERS lend U.S. securities for collateral valued at 102% of the market value of the securities. Non-U.S. securities are loaned for collateral valued at 106% of the

market value of the securities for LSERS and 105% for LASERS. In instances where LSPRS, TRSLA and LSERS loans are for term, the reinvestment of the cash is matched to the maturity of the loan. The majority of LASERS loans are terminable at will. Therefore, their duration will not generally match the duration of the investments made with cash collateral.

At June 30, 2012, neither LASERS, LSPRS, TRSLA, nor LSERS had any credit risk exposure to borrowers at year end because the amount the plan owes the borrowers exceeds the amount the borrowers owe the plan. Securities loans of all four systems may be terminated on demand by either party within a period specified in the related agreement. There were neither significant violations of legal or contractual provisions, nor borrower or lending agent default losses known to the securities lending agents of LSPRS, LSERS, or TRSLA. However, due to disruptions in the credit markets beginning in the fall of 2008, prices of several securities dropped. At June 30, 2011, LASERS had an approximate \$24,600,000 payable to BNY Mellon due to losses on Lehman Brothers securities. During fiscal year 2012, @12,700,000 in securities lending has been applied bringing the balance owed to BNY Mellon to \$11,900,000. The LSPRS, LASERS and LSERS have indemnification agreements with their securities lending agents in case of borrower default. Securities on loan at June 30, 2012 totaled \$958,979,721 for LASERS, \$32,466,352 for LSPRS, \$1,485,715,958 for TRSLA, and \$37,632,524 for LSERS.

H. DERIVATIVES

Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires certain derivative instruments be reported in the government-wide, proprietary, and fiduciary fund financial statements at fair value as of the balance sheet date. The Statement further requires certain risk disclosures associated with these derivatives.

Governmental Activities

LRS 39:1429 authorizes the State to enter into interest rate swaps and other financial hedges where it can be financially advantageous in meeting the State's financial objectives. It is the policy of the State, through the State Bond Commission, to utilize interest rate swaps, forward delivery agreements, basis swaps, rate locks, options, puts, or other financial hedging products to alter interest rate risk or the cost of borrowing in a manner beneficial to the State.

As of June 30, 2012 the governmental funds of the State held derivative instruments in interest rate swaps. All pay-fixed swap transactions are associated with variable debt. Combining a pay-fixed receive-variable rate swap with variable debt results in what is termed "synthetic" fixed rate debt. It is called synthetic because the economics are similar to fixed rate debt, but another instrument is involved unlike regular fixed rate debt.

The primary function of the fixed rate swaps is to mitigate the interest rate exposure of the variable rate bonds. The state pays a fixed rate and receives a floating rate. In an interest rate environment whose level is generally higher than the rate at which the State is fixed, the swap would result in a positive value to the State. Correspondingly, a lower rate environment than the fixed rate would result in a negative value to the State.

The tables below provide summary data for the State's outstanding derivative instruments within governmental activities as of June 30, 2012.

(In Thousands)

	Notional	Changes in Fair Value Classification	Amount	Fair Value at June 30 Classification	Amount
Governmental Activities:					
<u>Hedging Derivative Instruments</u>					
<u>Cash Flow Hedges</u>					
Pay-Fixed Interest Rate Swaps	\$662,130	Deferred Outflow of Resources	(\$86,094)	Derivative Instrument Liability	(\$117,966)
<u>Investment Derivative Instruments</u>					
Pay-Fixed Interest Rate Swaps	\$0	Investment Loss	\$7,123	Derivative Instrument Liability	(\$10,084)
<u>Investment Derivative Instruments - Terminated Swaps</u>					
Pay-Fixed Interest Rate Swaps	\$0	Investment Loss	\$72,504	Derivative Instrument Liability	(\$72,504)

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Terms and Objectives of Hedging Derivative Instruments

(In Thousands)

Type	Notional	Objective	Effective Date	Maturity Date	Terms	Counterparty Credit Rating (Moody's/S&P)
Pay-Fixed Interest Rate Swap	\$123,990	hedge changes in cash flows on the 2008 Series A bonds and 2011 Series B bonds	07/17/08	07/15/26	Pay 4.303%; Receive 70% of USD-LIBOR	A2/A+
Pay-Fixed Interest Rate Swap	\$53,140	hedge changes in cash flows on the 2008 Series A bonds and 2011 Series B bonds	07/17/08	07/15/26	Pay 4.303%; Receive 70% of USD-LIBOR	A2/A-
Pay-Fixed Interest Rate Swap	\$46,500	hedge changes in cash flows on the 2010 Series A bonds	05/01/09	05/01/43	Pay 3.694%; Receive 70% of USD-LIBOR	Aa3/A+
Pay-Fixed Interest Rate Swap	\$14,125	hedge changes in cash flows on the 2009 Series A-1 and 2010 Series A bonds	05/01/09	05/01/41	Pay 3.699%; Receive 70% of USD-LIBOR	Aa3/A+
Pay-Fixed Interest Rate Swap	\$56,500	hedge changes in cash flows on the 2010 Series A bonds	05/01/09	05/01/41	Pay 3.692%; Receive 70% of USD-LIBOR	A2/A+
Pay-Fixed Interest Rate Swap	\$186,000	hedge changes in cash flows on the 2009 Series A-1 bonds	05/01/09	05/01/43	Pay 3.692%; Receive 70% of USD-LIBOR	A2/A+
Pay-Fixed Interest Rate Swap	\$14,125	hedge changes in cash flows on the 2009 Series A-4 bonds	04/01/12	05/01/41	Pay 3.85%; Receive 70% of USD-LIBOR	Aa3/AA-
Pay-Fixed Interest Rate Swap	\$46,500	hedge changes in cash flows on the 2009 Series A-4 bonds	04/01/12	05/01/43	Pay 3.842%; Receive 70% of USD-LIBOR	Aa3/AA-
Pay-Fixed Interest Rate Swap	\$93,000	hedge changes in cash flows on the 2009 Series A-3 bonds	04/01/12	05/01/43	Pay 3.9235%; Receive 70% of USD-LIBOR	A2/A+
Pay-Fixed Interest Rate Swap	\$28,250	hedge changes in cash flows on the 2009 Series A-3 bonds	04/01/12	05/01/41	Pay 3.9315%; Receive 70% of USD-LIBOR	A2/A+

The state has approximately \$662 million notional amount of swaps outstanding at the financial statement date. The \$662 million portfolio includes 10 separate pay-fixed, receive-variable interest rate swap agreements with five counterparties. Two of the swaps totaling \$177 million notional are associated with the 2011-B General Obligation Bonds. The remaining \$485 million is associated with TIMED Bond Series 2009A-1, 2009A-3, 2009A-4, and 2010A. The maturity of each of the synthetic fixed rate swaps is coterminous with the underlying debt.

In April 2012, the swaps associated with the 2009A-3 and 2009A-4 TIMED bonds were terminated and assigned to new swap counterparties. This creates a termination of hedge accounting as prescribed by GASB 53. Accordingly, the accumulated deferral of outflows asset of \$72,504,697 that offset the old swap liability is immediately recognized as an investment loss in the Statement of Net Assets as required by GASB 53. On this same date the State also entered into 4 new off market swap agreements for each of the TIMED bonds. For accounting purposes, the new swap agreements are treated as imputed at-the-market swaps financed by an imputed borrowing equal to the fair market value of the terminated swap agreements on the termination date. The borrowing payable is recognized in the Statement of Net Assets as a long-term liability which will be amortized over the life of the new contractual swaps.

The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bonds due on the date of each future net settlement payment on the swaps.

As of June 30, 2012 the State determined the pay-fixed interest rate swaps in the table above met the criteria for effectiveness and qualify for hedge accounting under GASB 53. Hence, a valuation and required tests were performed on the swaps in accordance with GASB 53. Accordingly all cumulative changes in fair value as of June 30, 2012 are offset by a corresponding deferral amount on the statement of net assets.

Hedging Derivative Instrument Payments and Hedged Debt

As of June 30, 2012, aggregate debt service requirements of the State's debt and net receipts/payments on associated hedging derivative instruments are as follows:

Hedging Derivative Instrument Payments & Hedged Debt (expressed in thousands)

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Hedging Derivative Instrument, Net</u>	<u>Total</u>
2012-13	\$ 8,360	\$ 29,754	\$ 24,971	\$ 63,085
2013-14	8,755	30,930	24,107	63,792
2014-15	160,015	23,428	23,730	207,173
2015-16	--	22,424	23,331	45,755
2016-17	--	22,400	22,920	45,320
2018-22	--	112,022	107,656	219,678
2023-27	4,414	111,863	93,749	210,026
2028-32	19,191	110,028	85,337	214,556
2033-37	39,228	105,045	80,456	224,729
2038-42	230,087	95,431	70,994	396,512
2043-47	192,080	11,083	3,877	207,040
Total	\$ 662,130	\$ 674,408	\$ 561,128	\$ 1,897,666

Risk Disclosures

Credit Risk: Credit risk is the risk that the swap provider will not fulfill its obligations. To mitigate the potential for credit risk, the hedge agreements include provisions for collateral thresholds and transfer amounts that correspond to the credit ratings of the swap providers. However at June 30, 2012, the State is not exposed to credit risk since the fair values of the swap agreements are in the swap provider's favor.

Interest Rate Risk: Interest rate risk is the risk that an adverse change in variable interest rates will increase the overall cost of borrowing for the State. The State is exposed to interest rate risk on its pay-fixed interest rate swaps that receive a variable interest rate. Thus, as the USD-LIBOR decreases, the State's net payment on the swap increases.

Foreign Currency Risk: At June 30, 2012, there was no foreign currency risk associated with the US dollar denominated interest rate swaps. The State Treasury also prohibits investing in instruments denominated in foreign currencies.

Basis Risk: Basis risk is the risk that arises when variable interest rates on a swap and the associated debt are based on different indexes; i.e. when the variable payment component of a fixed payer interest rate swap does not match the associated underlying variable rate bonds. The swaps expose the State to basis risk since the State receives a variable rate based on a percentage of LIBOR to offset the variable rate the State pays on its bonds. The State is exposed to basis risk should the floating rate that it receives on a swap be less than the variable rate the State pays on the bonds. Depending on the magnitude and

duration of any basis risk shortfall, the expected cost savings from the swap may not be realized.

Termination Risk: The State or the swap providers may terminate the swap agreement if the other party fails to perform under the terms of the contract. As long as the State continues to perform its obligations on the swap contracts, there is no termination risk arising from the provider actions during the next fiscal period. However, there is termination risks should the State determine to take actions currently under consideration regarding the outstanding bonds which would trigger an event of termination on the existing swaps. Also, if at the time of the termination the swap has a negative fair value, the State would be liable to the swap providers for a payment equal to the swap's fair value.

Market Access Risk: Market access risk is the risk that the State will not be able to enter credit markets or that credit will become more costly than normal. With the recovery of the financial markets, and provided no market dislocations occur, the State is currently not exposed to market access risk when issuing General Obligation or such debt.

Rollover Risk: Rollover risk is the risk that the swaps do not extend to the maturity of the associated debt. Rollover risk associated with the 2009A-3 and 2009A-4 series bonds was eliminated with the termination of the swaps on April 18, 2012. The State is not exposed to rollover risk because each of the swap agreements extends to the maturity of the associated debt.

Retirement Systems and Other Trusts

LASERS, TRSLA, and LSERS held investments in various derivative financial instruments including interest-only

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strips, principal-only strips, collateralized mortgage obligations, options, forward foreign exchange contracts, futures contracts, and Synthetic Guaranteed Investment Contracts (SGIC).

TRSLA invests in interest-only strips and principal-only strips which are mortgage-backed securities that involve the separation of the interest and principal components of a security.

TRSLA and LASERS invest in collateralized mortgage obligations which are collateralized by mortgages, mortgage pass-through securities, and stripped mortgage-backed securities and can be highly sensitive to interest rate fluctuations. Additionally, TRSLA and LASERS invest in forward foreign exchange contracts which are contractual agreements between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency for an agreed upon exchange rate. The systems also invests in futures contracts which are agreements for delayed delivery of

securities, currency, commodities, or money market instruments in which the seller agrees to make delivery at a specified future date of a specified instrument, at a specific price or yield. TRSLA further invests in options on futures allowing the holder and writer of the option the right to exchange futures positions.

LASERS also maintains a fully benefit-responsive synthetic guaranteed investment contract option for members of the Optional Retirement Plan and the Self-Directed Plan. The investment objective of the SGIC is to protect members from loss of their original investment and to provide a competitive interest rate. As of June 30, 2012, the fair value of LASERS Stable Value Fund is \$366.4 million. The fair value of this fund exceeded the value protected by the wrap contract by \$15.8 million. The counterparty rating for the wrap contract is AA.

The table below provides summary data for the State's outstanding derivative instruments within the fiduciary funds as of June 30, 2012.

Summary of Investment Derivative Instruments
(In Thousands)

	Notional	Changes in Fair Value		Fair Value at June 30		
		Classification	Amount	Classification	Amount	
<u>Fiduciary Funds</u>						
<u>Investment Derivative Instruments</u>						
Futures Based Overlay Program	(\$2,076)	Net Appreciation/Depreciation in Fair Value of Investments	(\$3,219)	Domestic Bonds	(\$1,265)	
Short Sales & Written Options	\$0	Alternative Investment Income	\$3,692	Alternative Investments	(\$7,590)	
Fixed Income Futures	(\$14,655)	Net Appreciation/Depreciation in Fair Value of Investments	\$62	Not Applicable	\$0	
Forw ard Foreign Exchange Contracts	\$75,747	Net Appreciation/Depreciation in Fair Value of Investments	\$1,556	Investments	\$1,112	
Commodity Futures	\$130,922	Net Appreciation/Depreciation in Fair Value of Investments	(\$526)	Alternative Investments	(\$526)	
Cash & Cash Equivalents	(\$48,727)	Net Appreciation/Depreciation in Fair Value of Investments	(\$22)	Not Applicable	\$0	
Collateralized Mortgage Obligations	\$0	Not Applicable	\$0	Alternative Investments	\$168,757	

Risk Disclosures

Credit Risk: As of June 30, 2012, TRSLA's credit risk had not increased with the use of the overlay strategy because the futures based overlay program uses exchange traded futures contracts. Likewise, LSER's has no direct credit risk exposure from the equity futures or fixed income futures because the futures are settled daily by the exchange, which is the counterparty for all transactions.

Interest Rate Risk: At June 30, 2012 LSERS is exposed to interest rate risk on the fixed income futures. The values of the futures are directly linked to interest rate indices which increase and decrease as interest rates change.

Foreign Currency Risk: As of June 30, 2012, LSER's fixed income futures and LASER's forward currency forwards were exposed to foreign currency risk. At June 30, 2012 the fixed income futures, which are denominated in British pounds, Australian dollars, and Canadian dollars had a fair value of \$-0-.

The following table illustrates LASER's total exposure to foreign currency risk at June 30, 2012 of \$(14,662,110) by currency denomination:

<u>Currency</u>	<u>Fair Value</u>	
	<u>(U.S. dollars)</u>	
		<u>Value</u>
Australian Dollar		\$(11,458,275)
British Pound		23,936,942
Euro		(23,452,453)
Japanese Yen		(545,431)
New Zealand Dollar		(3,041,368)
Singapore Dollar		(101,525)
Total		<u><u>\$(14,662,110)</u></u>

At June 30, 2012 foreign currency risk has been reduced by use of the futures based overlay program. The use of the overlay program reduced the variance of TRSLA's actual return to the benchmark return.

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NOTE 3: ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

Balances of receivables and payables have been aggregated for presentation in the accompanying financial statements. The following schedules provide additional detail information concerning balances of receivables and payables by category and fund type.

A. RECEIVABLES

Receivable balances at June 30, 2012, are as follows (expressed in thousands):

	Governmental Funds					
	General Fund	Bond Security and Redemption Fund	Capital Outlay Fund	Louisiana Education Quality Trust Fund	Nonmajor Funds	Total Governmental Funds
Applicants and Clients Corporate/Individual Tax	\$ 379,807	\$ --	\$ --	\$ --	\$ --	\$ 379,807
Excise Tax	--	747,405	--	--	--	747,405
Gaming	--	63,301	--	--	--	63,301
Licenses, Permits, and Fees	--	15,358	--	--	--	15,358
Mineral Resources	--	39,158	--	--	--	39,158
Motor Fuel Tax	--	45,104	--	--	28	45,132
Public Assistance	--	36,947	--	--	--	36,947
Sales of Commodities and Services	--	12,079	--	--	--	12,079
Sales Tax	--	19,583	--	--	--	19,583
Severance Tax	--	296,801	--	--	1,856	298,657
Tobacco Products Tax	--	87,004	--	--	--	87,004
Other Taxes	--	23,980	--	--	--	23,980
Other	--	144,685	--	--	8,366	153,051
	11,126	12,779	14,100	31	958	38,994
Total Receivables	390,933	1,544,184	14,100	31	11,208	1,960,456
Allowance for Uncollectibles	--	(7,941)	--	--	--	(7,941)
Receivables, Net	\$ 390,933	\$ 1,536,243	\$ 14,100	\$ 31	\$ 11,208	\$ 1,952,515
Amounts not expected to be collected within one year	\$ --	\$ 705,119	\$ --	\$ --	\$ --	\$ 705,119

	Proprietary Funds			Governmental Activities
	Business-Type Activities – Enterprise Funds			Internal Service Funds
	Unemployment Trust Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
Employer Contributions	\$ 153,268	\$ --	\$ 153,268	\$ --
Other	--	5,605	5,605	8,484
Total Receivables	153,268	5,605	158,873	8,484
Allowance for Uncollectibles	(81,699)	--	(81,699)	--
Receivables, Net	\$ 71,569	\$ 5,605	\$ 77,174	\$ 8,484
Amounts Not Expected to be Collected Within One Year	\$ --	\$ --	\$ --	\$ --

B. ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable and accruals at June 30, 2012, are as follows (expressed in thousands):

	Governmental Funds				
	General Fund	Bond Security and Redemption Fund	Capital Outlay	Nonmajor Funds	Total Governmental Funds
Aid to Local Governments	\$ 18,616	\$ --	\$ --	\$ --	\$ 18,616
Community Development	102,619	--	--	--	102,619
Economic Development	11,944	--	--	--	11,944
Emergency Preparedness and Disaster Recovery	1,009,888	--	--	--	1,009,888
Engineering and Operations	25,411	--	--	--	25,411
General Administration	28,827	--	--	--	28,827
Highway Operation and Maintenance	--	--	258,956	--	258,956
Inmate Housing	16,888	--	--	--	16,888
Job Training and Placement Programs	10,613	--	--	--	10,613
Medicaid	628,189	--	--	--	628,189
Personal and Mental Health	53,020	--	--	--	53,020
Public Assistance	53,684	--	--	--	53,684
Public Safety and Law Enforcement	55,442	--	--	--	55,442
Recovery School District	36,480	--	--	--	36,480
Student-Centered Goals	33,422	--	--	--	33,422
School and District Innovations	34,847	--	--	--	34,847
School and District Supports	160,490	--	--	--	160,490
Other State Programs	2,767	68	--	17,289	20,124
Total Accounts Payable and Accruals	\$ 2,283,147	\$ 68	\$ 258,956	\$ 17,289	\$ 2,559,460

	Proprietary Funds				
	Business-Type Activities – Enterprise Funds			Governmental Activities	
	Unemployment Trust Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds	
General and Administrative	\$ --	\$ 1,478	\$ 1,478	\$ --	
Other	168	4,396	4,564	1,273	
Total Accounts Payable and Accruals	\$ 168	\$ 5,874	\$ 6,042	\$ 1,273	

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NOTE 4: INTERFUND ACCOUNTS AND TRANSFERS

A. RECEIVABLES AND PAYABLES

A summary of interfund receivables and payables at June 30, 2012, is shown below (expressed in thousands):

	Primary Government	
	<u>Due From</u>	<u>Due To</u>
GOVERNMENTAL FUNDS:		
General Fund	\$ 989,873	\$ 190,899
Bond Security and Redemption Fund	174,036	1,029,867
Capital Outlay Escrow Fund	124,158	89
Louisiana Education Quality Trust Fund	1,640	4,850
Nonmajor Funds	83,508	147,412
Total Governmental Funds	<u>1,373,215</u>	<u>1,373,117</u>
PROPRIETARY FUNDS:		
Nonmajor Funds	--	94
Internal Service Funds	--	4
Total Proprietary Funds	<u>--</u>	<u>98</u>
GRAND TOTALS	<u>\$ 1,373,215</u>	<u>\$ 1,373,215</u>

B. TRANSFERS IN AND OUT

A summary of transfers in and out at June 30, 2012, is shown below (expressed in thousands):

	Primary Government	
	<u>Transfers In</u>	<u>Transfers Out</u>
GOVERNMENTAL FUNDS:		
General Fund	\$ 11,424,226	\$ 126,718
Bond Security and Redemption Fund	79,481	11,367,270
Capital Outlay Escrow Fund	1,141,868	36,759
Louisiana Education Quality Trust Fund	60,284	20,664
Nonmajor Funds	689,817	1,767,418
Total Governmental Funds	<u>13,395,676</u>	<u>13,318,829</u>
PROPRIETARY FUNDS:		
Nonmajor Funds	--	77,050
Internal Service Funds	203	--
Total Proprietary Funds	<u>203</u>	<u>77,050</u>
GRAND TOTALS	<u>\$ 13,395,879</u>	<u>\$ 13,395,879</u>

C. DETAILS OF INTERFUND BALANCES AND TRANSFERS

Per the Louisiana Constitution, most state revenues are deposited into the Bond Security and Redemption Fund (BSRF). The BSRF is used to provide for the collection of all money deposited into the State Treasury except federal funds, donations, or other forms of assistance when terms and conditions of the related agreement require otherwise. This process is unique to Louisiana to ensure that all obligations secured by the full faith and credit of the State that are due and payable are met. Each year an amount is allocated from this fund to pay the obligations of the state, including debt principal, interest, premiums, and sinking or reserve funds. All moneys remaining in the fund are transferred to the General Fund and various other funds at year end. The BSRF does not retain a fund balance. As a result, there are a large number of transfers from BSRF to the General Fund and to other funds.

The General Fund, which is the principal operating fund of the state, provides for the distribution of funds appropriated by the state legislature. It pays for the administrative and operating expenses of the state. The funds appropriated to the General Fund by the legislature consist of general revenue appropriations which includes transfers from BSRF and various special revenue funds. Special revenue funds account for the proceeds from specific revenue sources which are used for specific purposes relating to the operations of the state. As a result of the appropriations process and as part of the general operations of the state, the General Fund receives a large number of transfers which are then used to provide for the day-to-day activities of the state.

Below is a discussion of the larger, more significant interfund transfers of the nonmajor funds.

- Transportation Infrastructure Model for Economic Development (TIMED) – This fund was established in 1989 to be used exclusively for specific road and bridge projects with portions designated for the Port of New Orleans and the New Orleans International Airport. During fiscal year 2012, this fund had transfers out of \$125 million and transfers in totaled \$9 million.
 - Transportation Trust Fund – This fund, established in 1989, was created to receive the excess revenues on gasoline, motor fuels, and special fuels taxes. Purposes of the fund include highway construction and maintenance, statewide flood control, and ports and airports priority programs, among others. During fiscal year 2012, transfers out amounted to \$1.4 billion and transfers in were \$565 million.
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NOTE 5: CAPITAL ASSETS

A. PRIMARY GOVERNMENT (in thousands)

Governmental Activities:	Capital Assets July 1, 2011	Additions	Deletions	Capital Assets June 30, 2012
Capital assets not being depreciated:				
Land	\$ *2,180,826	\$ 1,862	\$ 2,746	\$ 2,179,942
Construction in progress	*2,942,636	857,823	897,943	2,902,516
Total capital assets not being depreciated	<u>*5,123,462</u>	<u>859,685</u>	<u>900,689</u>	<u>5,082,458</u>
Other capital assets historical cost:				
Buildings and improvements	*2,320,351	25,356	5,517	2,340,190
Machinery and equipment	*774,706	72,049	35,711	811,044
Infrastructure	*21,988,057	896,379	33,013	22,851,423
Intangible assets	*100,942	1,928	--	102,870
Total other capital assets historical cost	<u>25,184,056</u>	<u>995,712</u>	<u>74,241</u>	<u>26,105,527</u>
Less accumulated depreciation and amortization:				
Buildings and improvements	*683,043	56,112	2,229	736,926
Machinery and equipment	*612,670	72,563	35,689	649,544
Infrastructure	*14,578,319	429,752	33,013	14,975,058
Intangible assets	*17,067	10,162	--	27,229
Total accumulated depreciation & amortization	<u>15,891,099</u>	<u>568,589</u>	<u>70,931</u>	<u>16,388,757</u>
Other capital assets, net of depreciation & amortization	<u>9,292,957</u>	<u>427,123</u>	<u>3,310</u>	<u>9,716,770</u>
Governmental activities capital assets, net	<u>\$ 14,416,419</u>	<u>\$ 1,286,808</u>	<u>\$ 903,999</u>	<u>\$ 14,799,228</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 4,421	\$ 77	\$ --	\$ 4,498
Construction in progress	*179,684	3,981	173,664	10,001
Total capital assets not being depreciated	<u>184,105</u>	<u>4,058</u>	<u>173,664</u>	<u>14,499</u>
Other capital assets historical cost:				
Buildings and improvements	30,858	5,737	--	36,595
Machinery and equipment	*19,334	1,850	1,863	19,321
Infrastructure	*174,096	180,319	--	354,415
Intangible assets	429	2	--	431
Total other capital assets historical cost	<u>224,717</u>	<u>187,908</u>	<u>1,863</u>	<u>410,762</u>
Less accumulated depreciation and amortization:				
Buildings and improvements	15,745	672	--	16,417
Machinery and equipment	*13,918	869	832	13,955
Infrastructure	*8,705	8,860	--	17,565
Intangible assets	156	91	--	247
Total accumulated depreciation & amortization	<u>38,524</u>	<u>10,492</u>	<u>832</u>	<u>48,184</u>
Other capital assets, net of depreciation & amortization	<u>186,193</u>	<u>177,416</u>	<u>1,031</u>	<u>362,578</u>
Business-type activities capital assets, net	<u>\$ 370,298</u>	<u>\$ 181,474</u>	<u>\$ 174,695</u>	<u>\$ 377,077</u>
* Restated beginning balances				

Depreciation and amortization expense was charged to functions as follows:

Governmental activities:

General government	\$	69,749
Culture, recreation, and tourism		4,983
Transportation and development		440,539
Public safety		16,516
Health and welfare		8,195
Corrections		11,797
Youth Services		1,976
Conservation		8,418
Education		6,416
Total governmental activities depreciation and amortization expense	\$	<u>568,589</u>

B. COMPONENT UNITS (in thousands)

	Capital Assets			Capital Assets
	July 1, 2011	Additions	Deletions	June 30, 2012
Capital assets not being depreciated:				
Land	\$ *439,883	\$ 13,080	\$ 63,855	\$ 389,108
Construction in progress	*729,301	467,468	383,057	813,712
Total capital assets not being depreciated	<u>1,169,184</u>	<u>480,548</u>	<u>446,912</u>	<u>1,202,820</u>
Other capital assets historical cost:				
Buildings and improvements	*5,507,550	369,782	12,529	5,864,803
Machinery and equipment	*1,875,126	108,976	54,305	1,929,797
Infrastructure	*614,293	28,317	49	642,561
Intangible assets	36,232	29,276	541	64,967
Total other capital assets historical cost	<u>8,033,201</u>	<u>536,351</u>	<u>67,424</u>	<u>8,502,128</u>
Less accumulated depreciation and amortization:				
Buildings and improvements	*2,360,732	156,938	5,096	2,512,574
Machinery and equipment	*1,447,205	118,582	49,446	1,516,341
Infrastructure	268,164	12,922	0	281,086
Intangible assets	*23,681	7,308	0	30,989
Total accumulated depreciation & amortization	<u>4,099,782</u>	<u>295,750</u>	<u>54,542</u>	<u>4,340,990</u>
Other capital assets, net of depreciation & amortization	<u>3,933,419</u>	<u>240,601</u>	<u>12,882</u>	<u>4,161,138</u>
Component units capital assets, net	<u>\$ 5,102,603</u>	<u>\$ 721,149</u>	<u>\$ 459,794</u>	<u>\$ 5,363,958</u>

* Restated Beginning Balances

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C. IMPAIRMENT OF CAPITAL ASSETS

Impairment losses calculated for discrete entities include \$4,574,949 for an impaired building within the University of Louisiana System. The impairment is due to structural damage (not associated with hurricane damage).

The State's university systems have assets impaired as a result of damage received from Hurricanes Katrina and Rita in fiscal year 2006 that remain idle at the end of fiscal year 2012. The carrying value of these idle impaired assets is as follows:

	Buildings
Louisiana Community & Technical College System	172,801
Southern University	1,593,110
	<u>\$ 1,765,911</u>

Insurance recoveries of \$21,996,596 for discrete entities were paid during the year by the Office of Risk Management as property claims for damage from Hurricanes Katrina, Gustav, and Ike.

NOTE 6: EMPLOYEE BENEFITS – PENSIONS

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEMS

Background

The State of Louisiana maintains four defined benefit pension plans (DBP) that are considered component units of the State and are included in the Comprehensive Annual Financial Report (CAFR) as a part of the primary government. Those plans are administered by four public employee retirement systems. The Louisiana State Employees' Retirement System (LASERS) established July 1, 1947, includes classified and unclassified employees of the State. The Teachers' Retirement System of Louisiana (TRSLA) was established August 1, 1936, for the benefit of public school teachers and, effective July 1, 1983, includes school lunch employees. TRSLA offers a defined contribution plan to a relatively small, select group of employees in higher education. The Louisiana School Employees' Retirement System (LSERS) was established on July 1, 1947, for persons employed as school bus drivers, school janitors, school custodians, school maintenance employees, and any regular school employee who works on a school bus helping with the transportation of school children. The Louisiana State Police Retirement System (LSPRS) was established by Act 293 of 1938. Its members include commissioned law enforcement officers of the Office of State Police and the Superintendent of the Office of State Police.

In 1987, a constitutional amendment was ratified by the electorate that added subsection (E) to Article 10, Section 29, mandating the actuarial soundness of state and statewide retirement systems. In compliance with that amendment, the Legislature enacted Louisiana Revised Statute (LRS) 11:1-127 in its 1988 regular session to consolidate the public retirement law. LASERS and TRSLA must use the projected unit credit cost method to determine their actuarially required contributions; LSERS and LSPRS must use the entry age normal cost method for this determination.

LRS 11:42B (4), (5), (10), and (11) establish requirements for the amortization of unfunded accrued liabilities of these Public Employees Retirement Systems (PERS). LRS 11:42(B)(4) requires the unfunded accrued liability of LSERS as of June 30, 1988, be amortized over a forty-year period, beginning in fiscal year 1989-1990, with level dollar payments annually.

LASERS and TRSLA requirements before LRS 11:42(B)(5) and (11) were amended as follows:

The unfunded accrued liability as of June 30, 1988, determined under the projected unit credit funding method "...shall be amortized over a forty year period, commencing with the fiscal year 1989-1990."

LRS 11:42(B)(5) and (11) were amended in 1992 to require that the outstanding balance of the unfunded accrued liability as of June 30, 1992, for LASERS and TRSLA, "...shall be amortized over the remaining thirty-seven year period with payments forming an annuity at four and one half percent annually." LRS 11:42(B) (5) and (11) were amended in fiscal year 2009 by Act 497 of 2009 Regular Session to require that the outstanding balance of the unfunded accrued liability as of June 30, 2009, for LASERS and TRSLA, "...shall be consolidated with other amortization bases and credits as provided in LRS 11:102.1, and that consolidated total shall be amortized over the remaining constitutionally-mandated period with annual payments beginning in fiscal year 2010-2011. The final payment shall be made in fiscal year 2028-2029."

LRS 11:42(B)(10) specifies that the unfunded accrued liability of the LSPRS as of June 30, 1988, be amortized over a twenty year period, beginning in fiscal year 1989-1990, with level dollar payments annually.

LRS 11:62 specifies employee contribution rates each year for each system, while LRS 11:102 details the calculation of the employer contribution rate each year for each system.

Act 588 of the 2004 Regular Session made significant changes to prospective funding for LASERS, TRSLA, and

LSERS. As a result of the Act, the outstanding balances of changes in liabilities prior to 1999 were re-amortized using the level dollar method until 2029. The remaining amortization periods for changes in liabilities, beginning with 1999 through 2003, were extended to a thirty year period from the date of occurrence and amortized as a level percentage of projected payrolls. Bases established after June 30, 2004, are amortized over a thirty year period as level dollar payments. In addition, the Act authorizes the Legislature to set employer contribution rates based on specific criteria but no less than fifteen and one-half percent for LASERS and TRSLA. The Employer Credit Account is credited with contributions from the Actuarially Required Contribution rate that is in excess of the minimum rate set by the Legislature.

Act 852 of the 2008 Regular session establishes LRS 11:102(B)(3)(d)(viii) relative to the amortization periods and methods of amortizing outstanding balances of established amortization bases established before June 30, 2009, for the LSPRS. Effective July 1, 2009, the outstanding balances of existing increasing bases payable through June 30, 2029, are re-amortized as a level dollar. New bases established on and after the effective date will be amortized over a 30 year period as a level dollar.

Act 497 of the 2009 Regular Session provides that effective July 1, 2010, all LASERS & TRSLA amortization payment schedules established on or before July 1, 2008, except those established due to an increase in benefits for Peace Officers, Alcohol Tobacco Control employees and regular employees per Act 262 of 2008, will be consolidated into two amortization schedules, the Original Amortization Base (OAB) and the Experience Account Amortization Base (EAAB). The OAB will consist of the outstanding balance of the Initial Unfunded Accrued Liability and schedules with negative outstanding balances. The outstanding balance of this schedule will be credited with funds from the Initial UAL account, excluding the subaccount of this fund. For TRSLA, the outstanding balance of this schedule will also be credited with the balance of the Employer Credit Account. The Initial UAL account will be credited interest at 8.25% in fiscal year 2009 and 2010.

For TRSLA, the OAB payment schedule will increase by 7% for 3 years, 6.5% for 4 years, and 2% until paid off in fiscal year 2029.

For LASERS, the OAB payment schedule will increase by 6.5% for 1 year, 5.5% for 4 years, 5% for 2 years, and 2% until paid off in fiscal year 2029.

The EAAB will consist of the 2004 schedule and all remaining schedules. The outstanding balance of this schedule will be credited with the balance of funds from

the Initial UAL subaccount, which were transferred from the Employee Experience Account on June 30, 2009.

For TRSLA, the EAAB payment schedule will increase by 7% for 3 years, 6.5% for 4 years, then will be level until paid off in fiscal year 2040.

For LASERS, the EAAB payment schedule will increase by 6.5% for 1 year, 5.5% for 4 years, 5% for 2 years, then will be level until paid off in fiscal year 2040.

Act 497 also revises the amortization of contribution variances. For TRSLA, any overpayment of contributions received from fiscal years 2010 through 2040 will be credited to the EAAB and the EAAB will be re-amortized according to the new payment schedule. For LASERS, any overpayment of contributions received through fiscal year 2017 will be credited to the OAB and the OAB will be re-amortized according to the new payment schedule. Similarly, any overpayment resulting from the statutory minimum contribution of 15.5% exceeding the actuarially calculated contribution from fiscal year 2010 through 2040 for TRSLA and through 2017 for LASERS, will be credited to the EAAB and the EAAB will be re-amortized. Additionally, TRSLA's first \$100,000,000 and LASERS' first \$50,000,000 of investment gain above the actuarially assumed investment rate will be used to reduce and re-amortize the OAB. TRSLA's next \$100,000,000 and LASERS' next \$50,000,000 of excess investment return will be used to reduce and re-amortize the EAAB. Fifty percent of any excess return above \$200,000,000 for TRSLA and \$100,000,000 for LASERS will be credited to the Employee Experience Account.

Act 357 of the 2011 Regular Session became effective with passage of an amendment to Constitutional Article VII, Section 10(D) (2) (b). It requires a minimum of 5% of any money designated as nonrecurring revenue in the official forecast to be applied to the payment of the balance of the unfunded accrued liability (UAL) for FY 2013-2014 and FY 2014-2015 for those liabilities existing at June 30, 1988, for LASERS and TRSLA in proportion to the balance of the unfunded liability of each system. For FY 2015-2016 and thereafter, the minimum amount of nonrecurring revenue applied to payment of the balance of the UAL increases to 10%.

Plan Description

Louisiana State Employees' Retirement System Although there are 362 contributing employers in this system, LASERS is considered a single employer plan because the material portion of its activity is with one employer - the State of Louisiana. The system is established and provided for within Title 11, Subtitle II, Chapter 1, of the Louisiana Revised Statutes. Benefit provisions are authorized within LRS 11:441-501.

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Those employees considered eligible for membership in LASERS include all employees of the State (except those specifically excluded by statute) and are eligible immediately upon employment. Members are vested after 10 years of service.

A member is eligible to retire after at least 10 years of service at age 60, 25 years at age 55, or after 30 years at any age. Effective January 1, 1996, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The system does provide for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches retirement age, benefits are payable at 2.5% of the average of the highest three consecutive years of compensation, multiplied by the number of years of creditable service. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. For members employed on or after July 1, 2006, final average compensation will be based on the member's average annual earned compensation for the highest sixty months of successive employment or the highest sixty successive joined months of employment where an interruption of service occurred. Eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Once an employee has accumulated 10 years of service, disability benefits apply based on the regular benefit formula without age restrictions.

Act 740 of the 2008 Regular Session changes the eligibility requirement of enforcement personnel of the Alcohol and Tobacco Control Office of the Department of Revenue to 25 years of service at any age, or 10 years of service at age 60. Act 835 of the 2006 Regular Session increases the maximum retirement allowance for peace officers (other than state troopers) employed by the Department of Public Safety and Corrections, Office of State Police, to 3.33% for each year of qualifying service. Act 353 of the 2007 Regular Session, effective June 30, 2007, increases the maximum retirement allowance for personnel employed by the Department of Revenue, Office of Alcohol and Tobacco Control to 3.33% for each year of qualifying service. All other benefit provisions remain the same as those for regular members.

Act 992 of 2010 Regular Session, effective January 1, 2011, provides for the creation of three new plans for LASERS' members who are hired on or after January 1, 2011: Rank and File Plan, Judges Plan, and Hazardous Duty Plan. The act also provides for a change in retirement eligibility for Act 75 members from 10 years of service at age 60 to 5 years of service at age 60.

The Rank and File Plan created within LASERS combines certain sub-plans and eliminates enhanced benefit

provisions with LASERS relative to certain members. It further provides that the governor, lieutenant governor and certain legislators will receive the same benefits as rank and file members. The Judges Plan created within LASERS is for judges and court officers with special retirement eligibility requirements and benefit provisions.

The Hazardous Duty Services Plan (HDSP) created within LASERS is for persons whose first employment making them eligible for LASERS membership occurred on or after January 1, 2011, for certain hazardous duty positions. Each member of an existing hazardous duty plan (Alcohol and Tobacco Control, Appellate Law Clerks, Bridge Police, Corrections, Legislators, Peace Officers and Wildlife Agents) with LASERS may retain membership in that plan. Existing hazardous duty plans were closed for new members effective January 1, 2011. Final average compensation will be based on the member's average earned compensation for the highest 60 consecutive months of employment. For members under this new plan, retirement eligibility is 25 years of service at any age, 12 years or more at age 55, or 20 years at any age with reduced benefits. Retirement benefits are payable at 3.33% of the members' average salary, multiplied by the number of creditable service not to exceed 100% of the average compensation. Act 368 of the 2011 Regular Session, effective July 1, 2011, allows any member of the HDSP, if he does not meet retirement eligibility under the HDSP, to retire under the Rank and File Plan provision with 5 years at age 60 with benefits calculated at the 2.5% accrual rate. Act 368 of the 2011 Regular Session allows members of HDSP to participate in the Deferred Retirement Option Plan (DROP), Initial Benefits Option (IBO) and Cost-of-Living Adjustment (COLA) retirement options. Disability benefits are provided based upon a total and permanent disability resulting solely from injuries sustained in the performance of his official duty of 75% of average compensation regardless of years of service. This benefit is payable only if the injury or injuries were sustained while on active duty status.

Act 301 of 2009 Regular Session allows a member employed at a public college or university, who voluntarily or involuntarily participates in a furlough plan implemented as a result of budget reductions, the option to accrue service credit for the periods of the furlough. The service credit shall be used for calculation of benefits and attaining retirement eligibility. The employee and the employer shall remit their respective contributions which would have been remitted if not for the furlough. The service credit accrued, together with certain other credit purchases, shall not exceed 5 years. This provision shall not apply to furloughs implemented as a result of a declaration of financial exigency or force majeure. The furlough days shall not exceed 30 days in any fiscal year.

In 1990, the Legislature created the DROP with Act 14. When members enter DROP, they continue to work at their regular job and draw their regular salary for a period of up to three years. While in DROP, the retiree's retirement benefits are paid into a special account. The election is

irrevocable once participation begins. Interest is credited after participation ends, at which time the member must choose a distribution option for benefits that have accumulated in the DROP account. The DROP program was designed to have no actuarial effect on LASERS' unfunded liability. Currently, there are 2,577 members in the program.

Act 483 of 2012 Regular Session establishes a Cash Balance retirement plan for all non-hazardous duty members of LASERS, who are hired after July 1, 2013. The cash balance plan is a defined benefit plan. Retirement benefits are based upon a pay credit and interest credits which are actuarially determined and are not linked to employer contributions. One major difference between the previous LASERS plans and the cash balance plan is that members may forfeit the cash balance in lieu of tier 1 disability and survivor benefits.

Act. No. 868 of 2012 Regular Session became effective with the passage of an amendment to Article X, Section 29(G) of the Louisiana Constitution. It authorizes the Legislature to provide for the forfeiture of retirement benefits by any person who is a member of a public retirement system who has been convicted of a felony related to his office. Forfeited benefits will be applied to the retirement system's unfunded accrued liability. The forfeiture applies to persons employed, re-employed, or elected after January 1, 2013.

Teachers' Retirement System of Louisiana The TRSLA is the administrator of a cost-sharing multiple employer plan. The system was established and provided for within Title 11, Subtitle II, Chapter 2, of the Louisiana Revised Statutes. Benefit provisions are authorized within LRS 11:761-813.

The word "plan" as used below does not carry the same definition as referred to in GASB Statements 25, 26, and 27. Our use of the word "plan" in this context refers to individual benefit options. Those employees considered eligible for membership in TRSLA include teachers and eligible school lunch employees who are eligible immediately upon employment. Under the Teachers' Regular Plan, as amended by Act 1055 of 2001, members are vested after 5 years of service. A teacher member who became a member prior to July 1, 1999, is eligible to retire after at least 5 years of service at age 60, or after 20 years at any age, and will receive benefits based on a formula of 2% of the member's average compensation; a teacher member who retires with 25 years of service at age 55, 20 years at age 65, or 30 years at any age will receive benefits based on a formula of 2.5% of the member's average compensation. A teacher member who became a member on or after July 1, 1999, is eligible to retire after at least 5 years of service at age 60, 20 years at any age (actuarially reduced), 25 years of service at age 55, or 30

years at any age and will receive benefits based on a formula of 2.5% of the member's average compensation. Average compensation for members employed on or before December 31, 2010, will be based on the highest three successive years of employment or the highest three successive joined years of employment where an interruption of service occurred. Average compensation for members employed on or after January 1, 2011, will be based on the highest five successive years of employment or the highest five successive joined years of employment where an interruption of service occurred. In 1983 the Louisiana School Lunch Employees' Retirement System was merged into this system. The Louisiana School Lunch Employees' Retirement System contained two plans that were acquired by TRSLA: Plan A for members who are employed by the school system and are not covered by the Social Security system, and Plan B for members who are employed by the school system and are covered by Social Security. Plan A members are eligible to receive benefits based on a 3% benefit formula after 5 years of service at age 60, 25 years at age 55, or 30 years service at any age. A 2% benefit formula accrues to Plan B members after 5 years service at age 60 and after 30 years service at age 55. These benefits are calculated on a percentage of the member's average salary for the thirty-six highest successive months.

The system does provide for deferred benefits for vested members who terminate before being eligible for retirement. Once these member reach the appropriate age for retirement, benefits become payable. After an employee has accumulated five years of service, he becomes eligible for disability benefits based on the regular benefit formula without age restrictions if determined eligible by the medical board. Act 992 of 2010 Regular Session changed the eligibility for disability benefits from five years to ten years for members hired on or after January 1, 2011. The member must also be in active service at the time of filing the application for disability retirement. Otherwise, reduced benefits are available based on varying percentage formulas for each plan.

The Optional Retirement Plan (ORP), in LRS 11:921-931, provides a defined contribution program for academic employees in higher education. Eligible members have the option of making an irrevocable election to participate in the ORP rather than the TRSLA and purchase annuity contracts for benefits payable at retirement. Monthly contributions based on percentages of salary are made by the employee and the employer to companies selected as providers of the plan. ORP provides for portability of assets and full and immediate vesting of all contributions submitted to the participating companies on behalf of the employees. In accordance with LRS 11:927(B), the system retains 17.73% of the 23.7% ORP employer contributions to be applied to the unfunded accrued liability of the

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system. Thus, the amount transferred to the carrier is the employer's portion of the normal cost contribution, which has been determined by the Public Retirement Systems' Actuarial Committee to be 5.97%. The number of employers participating in the ORP program is currently 125. Current membership in the program is 25,092. The ORP is not an obligation of the State or TRSLA, and is therefore not included in the CAFR.

Act 301 of 2009 Regular Session allows a member employed at a public college or university, who voluntarily or involuntarily participates in a furlough plan implemented as a result of budget reductions, the option to accrue service credit for the periods of the furlough. The service credit shall be used for calculation of benefits and attaining retirement eligibility. The employee and the employer shall remit their respective contributions which would have been remitted if not for the furlough. The service credit accrued, together with certain other credit purchases, shall not exceed 5 years. This provision shall not apply to furloughs implemented as a result of a declaration of financial exigency or force majeure. The furlough days shall not exceed 30 days in any fiscal year. Members of the ORP are eligible for this provision but they do not earn service credit, rather the employee and the employer contributions are remitted to a third-party provider who invests the ORP funds on behalf of the participant.

Act 716 of 2012 Regular Session requires the employer contribution rate to be separately determined for each TRSL sub-plan – Regular Plan (K-12), Regular Plan (Higher Education), Lunch Plan A, and Lunch Plan B. The individualized rates began July 1, 2012. The employer contribution rate is based upon two factors: 1) normal cost of funding retirement benefits for the current year and 2) amortization of the retirement system's unfunded accrued liability. The contribution rate for employers in fiscal year 2012 was 23.7%.

Act 298 of 2012 Regular Session allows charter school teachers to purchase service credit in the TRSLA.

Members of TRSLA also have the option of participating in a three-year DROP program. Although Act 1055 of 2001 changes the vesting requirements, members must still have 10 years of service credit to participate in DROP. Act 368 of the 2011 Regular Session allows members hired on or after January 1, 2011, to participate in DROP with 5 years of service at age 60. Current membership in the program is 2,637. The election is irrevocable once participation begins.

The Initial Lump-Sum Benefit (ILSB) became effective January 1, 1996. Under this program, a retiring member who does not participate in DROP can select an ILSB alternative. This alternative provides the retiree with a one-time payment of up to 36 months of a regular maximum monthly retirement benefit with a reduced regular monthly retirement benefit for life.

On January 1, 2000, TRSLA established the Excess Benefit Plan. This plan is an unfunded, non-qualified plan intended to be a qualified excess benefit arrangement. It is designed to pay excess benefits to those members who retired on July 1, 1988, or later. The excess benefit is the portion of the TRSLA benefit that exceeds the maximum benefit allowed under Section 415 of the Internal Revenue Code.

Act 483 of 2012 Regular Session establishes a Cash Balance retirement plan members of TRSLA, who are hired after July 1, 2013. The cash balance plan is a defined benefit plan. Retirement benefits are based upon a pay credit and interest credits which are actuarially determined and are not linked to employer contributions. One major difference between the previous TRSLA plans and the cash balance plan is that members may forfeit the cash balance in lieu of tier 1 disability and survivor benefits.

Act. No. 868 of 2012 Regular Session became effective with the passage of an amendment to Article X, Section 29(G) of the Louisiana Constitution. It authorizes the Legislature to provide for the forfeiture of retirement benefits by any person who is a member of a public retirement system who has been convicted of a felony related to his office. Forfeited benefits will be applied to the retirement system's unfunded accrued liability. The forfeiture applies to persons employed, re-employed, or elected after January 1, 2013.

Louisiana School Employees' Retirement System

Although the LSERS is considered part of the State of Louisiana financial reporting entity, it is not a part of the State payroll. LSERS is the administrator of a cost-sharing, multiple-employer, defined-benefit pension plan. The system was established and provided for by LRS 11:1001-1206. LRS 11:1116 mandates that specified employees become members of the system as a condition of employment. Benefit provisions are authorized in LRS 11:1141-1152.1.

Membership is mandatory for all employees under age 60 employed by a Louisiana parish or city school board, who work more than 20 hours per week as a school bus driver, school janitor, school custodian, school maintenance employee, and any regular school employee who works on a school bus helping with the transportation of school children. Members are vested after 10 years of service.

A member is eligible to retire after at least 10 years of service at age 60, 25 years at age 55, or after 30 years at any age. Act 368 of the 2011 Regular Session provides that members hired on or after July 1, 2010, may retire at 20 years of service subject to an actuarial reduction of benefits, and at 5 years of service at age 60. The system

does provide for deferred benefits for vested members who terminate before being eligible for retirement. Benefits become payable once the member reaches retirement age. The maximum retirement benefit is an amount equal to 3.33% of the average compensation for the 3 highest consecutive years of membership service, multiplied by the number of years of service limited to 100% of final average compensation, plus a supplementary allowance of \$2 per month for each year of service. For members who joined the system on or after July 1, 2006, the average compensation used to calculate benefits consist of the 5 highest consecutive years' average salary. Once an employee has accumulated 5 years of service, disability benefits apply based on the normal benefit formula without age restrictions. A member who joined the system on or after July 1, 2006, must have at least 10 years of service to qualify for disability benefits. Other benefits have resulted from legislative changes and include cost-of-living benefits.

Effective July 1, 1992, members of the LSERS may elect to participate in the DROP and defer receipt of benefits. The election may be made one time only and is limited to three years. Monthly retirement benefits are paid into the plan and credited to a subaccount for that individual. Interest credited and payments from the DROP account are made in accordance with LRS 11:1152(F)(3). Upon termination of participation in both the plan and employment, a participant may receive either a lump sum payment from the account or systematic disbursements. All employers are eligible to participate in DROP. The number of employers currently having plan members participating in the DROP program is 70. As of June 30, 2012, there were 612 members participating in the program.

Effective January 1, 1996, the Legislature authorized the Plan to establish the Initial Benefit Retirement Plan (IBRP). IBRP is available to members who have not participated in DROP and who select the maximum benefit, Option 2 benefit, Option 3 benefit or Option 4 benefit. Thereafter, these members are ineligible to participate in DROP. IBRP provides both a one-time single sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest credited and payments from the IBRP account are made in accordance with LRS 11:1152(F)(3).

Act 483 of 2012 Regular Session establishes a Cash Balance retirement plan for members of LSERS, who are hired after July 1, 2013. The cash balance plan is a defined benefit plan. Retirement benefits are based upon a pay credit and interest credits which are actuarially determined and are not linked to employer contributions. One major difference between the previous LSERS plans and the cash balance plan is that members may forfeit the cash balance in lieu of tier 1 disability and survivor benefits.

Act. No. 868 of 2012 Regular Session became effective with the passage of an amendment to Article X, Section 29(G) of the Louisiana Constitution. It authorizes the Legislature to provide for the forfeiture of retirement benefits by any person who is a member of a public retirement system who has been convicted of a felony related to his office. Forfeited benefits will be applied to the retirement system's unfunded accrued liability. The forfeiture applies to persons employed, re-employed, or elected after January 1, 2013.

Louisiana State Police Retirement System The LSPRS was established by Act 293 of 1938 and is the administrator of a single employer plan. Benefit provisions are authorized within LRS 11:1307-1323.1.

Those employees considered eligible for membership in LSPRS include commissioned law enforcement officers of the Office of State Police and the Superintendent of State Police, and are eligible immediately upon employment.

After 10 years of service at age 50, benefits are determined by multiplying the years of service credit by 3.33% to compute a retirement percentage factor (not to exceed 100%), which is then multiplied by the member's average salary. For those plan members employed before September 8, 1978, with 20 years of service at any age, benefits are determined by multiplying the years of service by 3.33% to compute retirement percentage factor (not to exceed 100%), which is then multiplied by the member's average salary. For those plan members employed on or after September 8, 1978, with 25 years of service at any age, benefits are determined by multiplying the years of service by 3.33% to compute retirement percentage factor (not to exceed 100%), which is then multiplied by the member's average salary.

Act 992 of 2010 Regular Session created a new State Police Retirement Plan within LSPRS for members whose first employment making them eligible for membership in LSPRS occurred on or after January 1, 2011. For members under this new plan, retirement eligibility is 25 years of service at any age, 12 years or more at age 55, or 20 years at any age with reduced benefits and are not eligible to participate in the Back-DROP. Retirement benefits are payable at 3.33% of the members' average salary, multiplied by the number of creditable service not to exceed 100% of the average compensation. For members hired on or after January 1, 2011, the average compensation used to calculate benefits consists of the highest sixty months of successive employment, or for the highest sixty successive joined months of employment where interruption of service occurred. Disability benefits are provided based upon a total and permanent disability resulting solely from injuries sustained in the performance of his official duty of 75% of average compensation regardless of years of service. This benefit is payable only

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if the injury or injuries were sustained while on active duty status.

The following Acts of the 2003 Regular Legislative Session affect LSPRS as described. Act 211 provides a retroactive (to January 1, 1999) benefit to the surviving spouse of any member who died of terminal cancer, which was initially diagnosed after the marriage, where such diagnosis occurred before April 1, 2003. Act 538 provides a benefit of 100% of final average compensation or \$36,000 annually, whichever is greater for certain catastrophic disability retirees as of June 30, 2003. Act 748 provides a 20% longevity bonus or benefits as provided by LRS 11:1307.1, whichever is greater, for members who participated in DROP on or before June 30, 2003, and who continued in employment after DROP. Act 876 amended the plan to make it eligible for tax-shelter qualification with the Internal Revenue Service effective January 1, 2004. Disability benefits equal 50% of average salary plus one and one-half percent of average salary for each year in excess of 10 years. Disability benefits shall be modified whenever a non-service disability retiree is engaged in gainful employment. Non-duty disability rates vary depending on length of service, but begin after 5 years of service credit. Death benefits vary whether cause was in the line of duty and whether there is a surviving spouse and/or number of minor children. The system provides for deferred benefits for vested members who terminate before being eligible for retirement.

Any active member who is eligible to receive a service retirement allowance is eligible to participate in the DROP and defer receipt of benefits. The participation period shall not exceed 3 years. Upon termination of employment at the end of the DROP period, a participant may receive benefits in a lump sum payment, by a true annuity or in any other manner approved by the Board.

Effective October 1, 2009, active members who have not participated in DROP may elect to participate in BACK-DROP. BACK-DROP allows an eligible member, at retirement, to look back up to three years and make an election to have entered DROP based on service and final average compensation that existed at that time. Benefit adjustments are made to the benefit accruals and employee contributions that occurred during the DROP period. As of June 30, 2012, there were 11 members participating in the program.

Act. No. 868 of 2012 Regular Session became effective with the passage of an amendment to Article X, Section 29(G) of the Louisiana Constitution. It authorizes the Legislature to provide for the forfeiture of retirement benefits by any person who is a member of a public retirement system who has been convicted of a felony related to his office. Forfeited benefits will be applied to the retirement system's unfunded accrued liability. The forfeiture applies to persons employed, re-employed, or elected after January 1, 2013.

A summary of government employers participating in the plans at June 30, 2012, is as follows:

		Number of Employers
<u>LASERS</u>	State agencies	216
	Other public employers	<u>146</u>
	Totals	<u>362</u>
<u>TRSLA</u>	School Boards	69
	Colleges and Universities	27
	State agencies	62
	Charter schools	32
	Other	<u>16</u>
	Total	<u>206</u>
<u>LSERS</u>	School Boards	64
	Other agencies	<u>41</u>
	Totals	<u>105</u>
<u>LSPRS</u>		<u>1</u>

Summary of Significant Accounting Policies

All four systems use the accrual basis of accounting for operating income and operating expenses. Within this context, interest income is recognized when earned, as are employer and employee contributions. Dividends are recognized when declared. State fund appropriations are recognized when earned by LASERS, TRSLA, and LSPRS. LASERS, LSERS, and TRSLA use the trade date basis to record investment purchases and sales. In addition, contributions are recognized in the period in which the amounts are due pursuant to formal commitments. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

As required by GASB Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, investments are reported at fair value. Investments are reported as follows:

LASERS Short-term investments are reported at market value when published prices are available, or at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value (such as private equity, real estate, and tangible assets) has been determined by management based on the individual investment's capital account balance, reported at fair value, at the closest available reporting period, adjusted for subsequent contributions, distributions, and

management fees. Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near-term. Investments that do not have an established market are reported at estimated fair value. Unrealized gains and losses are included as investment earnings in the Statement of Changes in Plan Net Assets. Synthetic Guaranteed Investment Contracts are carried at contract value as required by GASB 53.

LASERS has no investments in any single organization (other than those issued or guaranteed by the U.S. Government) that represents more than 5% of the plan net assets nor does LASERS hold more than 5% of any corporation's stock available for benefits.

Land, buildings, equipment, furniture, and computer software are carried at historical cost. Depreciation is computed using the straight-line method based on useful lives of 40 years for buildings, 3 to 15 years for equipment and furniture, and 7 years for computer software.

TRSLA Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be sold. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on a basis of estimated future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value as determined by the custodian under the direction of trustees.

TRSLA has no investments of any single organization (other than those issued or guaranteed by the U.S. Government) that represents more than 5% of the plan net assets available for pension benefits, nor does TRSLA hold more than 5% of any corporation's outstanding stock.

Land, buildings, equipment, and furniture are carried at historical cost. Depreciation is computed by the straight-line method based on useful lives of 40 years for buildings and 3 to 10 years for equipment and furniture.

LASERS Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Shares in the external investment pool and mutual funds are equivalent to the fair value of the external investment pool and mutual funds. Real estate held for investment is

valued at fair market value, which is based upon appraised value.

LASERS has no investments of any one organization (other than those issued or guaranteed by the U.S. Government) that represent more than 5% of the plan net assets, nor does LASERS hold more than 2% of a companies' outstanding equity. There are no investments in loans to or leases with parties related to the pension plan. The investment activity of LASERS is subject to an investment policy adopted by the Board of Trustees and to oversight by the Board of Trustees.

Land, buildings, equipment, and furniture are carried at historical cost. Depreciation is computed by the straight-line method based on useful lives of 40 years for buildings and 3 to 10 years for equipment and furniture.

LSPRS Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rates. Investments that do not have an established market are reported at estimated fair value as determined by the Retirement System's investment consultant.

LSPRS has the following investments that represent 5% or more of LSPRS's total investments at June 30, 2012: (1) Loomis Sayles Fixed Income Fund; (2) Institutional Equity Funds; (3) State Street S&P 500 Flagship Fund; and (4) State Street Aggregate Bond Market Index Securities Lending.

Properties consist of buildings and furniture, fixtures, and equipment that are stated at cost and are being depreciated on the straight-line basis over their estimated useful lives. The estimated useful lives range from 3 to 40 years.

Contributions

A system's funding policy refers to the amounts and timing of contributions to be made by employers, participants, and any other sources to provide the benefits a pension plan specifies. Employee and employer contributions for all systems are provided for in Chapter 2 of Title 11 of the Louisiana Revised Statutes. Each system is described separately in the following paragraphs.

LASERS The vast majority of employees of the State who became members before July 1, 2006, contribute 7.5% of their salaries. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8.0% for new members hired after June 30, 2006. Act 835 of the 2006 Regular Session increases the contribution rate of peace officers employed by the Department of Public Safety and Corrections, Office of State Police, other than

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state troopers to 9.0%. Act 353 of the 2007 Regular Session increases the contribution rate of personnel employed by the Department of Revenue, Office of Alcohol and Tobacco Control, to 9%. Other exceptions include: judges, court officers, the governor, lieutenant governor, and legislators, who contribute 11.5% of their respective salaries; the Clerk of the House of Representatives, the Secretary of the Senate, and special legislative employees who contribute 9.5% of their salaries; correctional officers, security personnel, and probation officers who contribute 9.0%; wildlife agents who contribute 9.5%; Bridge Police employees for the Crescent City Connection who contribute 8.5% of their salaries; and the State Treasurer who contributes 7.5% of his salary.

Act 1026 of the 2010 Regular Session effective July 1, 2011 requires the employer contribution rate to be determined separately for the various plans within LASERS. Each plan pays a separate actuarially-determined employers' contribution rate. All assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. The employers for each group listed contributed between 20.2% and 35.5% toward future benefits for fiscal year 2012.

Act 992 of 2010 Regular Session changed the rate for members whose first employment making them eligible for membership in LASERS occurs on or after January 1, 2011, as follows: rank-and-file members - 8%; court officers, the governor, lieutenant governor and legislators - 8%; Clerk of the House of Representatives and Secretary and special legislative employees of the Senate - 8%; members of the Hazardous Duty Services Plan - 9.5%; and judges holding positions specified in LRS 11:553 - 13%. Act 1004 of the 2010 Regular Session provides for an additional benefit equal to 1% times the number of creditable service years as a judge in a position specified in LRS 11:553.

LRS 11:429 allows any LASERS member with at least one year of service credit in the system to purchase up to five years of additional service credit in one-year increments. The purchased service credit is to be used solely for the calculation of retirement benefits, and may not be used for the attainment of additional years of retirement eligibility. Act 322 of the 2011 Regular Session provides that any member of LASERS who has at least 5 years of service will be eligible to purchase up to 5 years of service credit in one-year increments for the purposes of attaining eligibility for retirement and the calculation of benefits. Service credit previously purchased for benefit calculation only is eligible for an upgrade of service credit to both retirement eligibility and benefit calculation. The effective date of Act 322 is July 1, 2011.

Act 483 of 2012 Regular Session establishes the Cash Balance retirement plan for all nonhazardous duty members of LASERS who are hired after July 1, 2013. With the Cash Balance plan, members will contribute 8% and the members' cash account will be credited 4% annually plus interest. Account balance is not debited for investment losses. Upon retirement, or after age 60 with 5 years of service, members may choose to withdraw or annuitize the balance in the account. The employer's contribution will be actuarially determined and will include all UAL payments that are shared by the plan.

TRSLA Contributions required of TRSLA members and their employers are based on the plan in which the employee participates. During the year ended June 30, 2012, members of the system's Regular Plan contributed 8.0% of their earned compensation, with the employer contributing 23.7%. Members of the TRSLA Plan A contributed 9.1% of their salary and the employer contributed 23.7%. Members of TRSLA Plan B contributed 5.0% of their compensation and the employer made a 23.7% contribution. The sources of employer contributions are appropriated state funds and tax proceeds collected in the parishes and remitted by the respective parishes' sheriff's office.

Act 483 of 2012 Regular Session establishes the Cash Balance retirement plan for members of TRSLA who are hired after July 1, 2013. With the Cash Balance plan, members will contribute 8% and the members' cash account will be credited 4% annually plus interest. Account balance is not debited for investment losses. Upon retirement, or after age 60 with 5 years of service, members may choose to withdraw or annuitize the balance in the account. The employer's contribution will be actuarially determined and will include all UAL payments that are shared by the plan.

LSERS Member contributions are established by statute and are currently 7.5% of earned compensation. Act 318 of the 2010 Regular Session increased the member's contribution from 7.5% to 8% for members employed on or after July 1, 2010. Employer contributions, provided by the Board of Trustees, were increased to 28.6% for fiscal year 2012.

Act 1331 of the 1999 Regular Session provides for the establishment of an Employer Credit Account consisting of the accumulated excess employer contributions that exceeded the actuarially required employer rate.

Act 483 of 2012 Regular Session establishes the Cash Balance retirement plan for members of LSERS who are hired after July 1, 2013. With the Cash Balance plan, members will contribute 8% and the members' cash account will be credited 4% annually plus interest. Account balance is not debited for investment losses.

Upon retirement, or after age 60 with 5 years of service, members may choose to withdraw or annuitize the balance in the account. The employer's contribution will be actuarially determined and will include all UAL payments that are shared by the plan.

LSPRS Effective October 1, 2009, member contributions are 8.5% of earned compensation and are deducted from

the member's salary. Act 992 of the 2010 Regular Session changed the rate for members whose first employment making them eligible for membership in LSPRS occurs on or after January 1, 2011, is 9.5%. The employer's contribution includes various fees collected by the Office of Motor Vehicles and appropriations from the State.

As required by GASB Statement 27, paragraph 20(b)(3), the LSERS and the TRSLA, both cost-sharing employers, disclose the following information:

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
<u>LSERS</u>		
6/30/10	\$ 75,027,998	71.0%
6/30/11	\$ 88,620,630	82.3%
6/30/12	\$ 92,137,088	89.7%
<u>TRSLA</u>		
6/30/10	\$ 904,382,657	83.5%
6/30/11	\$ 1,086,319,774	90.2%
6/30/12	\$ 1,127,265,199	100.0%

The ARC differs significantly from actual contributions made. This difference is in part due to a state statute that requires the contribution rate to be calculated and set two years prior to the year effective and in part due to each Plan's requirement to contribute the actuarially required amount or the contribution percentage required by the Louisiana Constitution, whichever is greater.

Excess contributions collected over the amount set by the Legislature are added to the Employer Credit Account. The Employer Credit Account is used to fund future years' actuarially required employer contributions. At June 30, 2012, the balance in the account for LSERS remains at \$0 and the balance for TRSLA is \$0.

LASERS, subject to the minimum contribution requirement, currently has a balance of \$0 in the Employer Credit Account.

As required by GASB Statement 27, paragraph 21, the LASERS and LSPRS, both single employers, disclose the following information.

The state's annual pension cost and net pension obligation to LASERS and LSPRS for the current year are as follows:

	<u>LASERS</u>	<u>LSPRS</u>
Annual required contribution	\$ 713,971,279	\$ 38,052,718
Interest on net pension obligation	10,118,206	(151,053)
Adjustment to annual required contribution	(25,603,426)	5,030,580
Annual pension cost	698,486,059	42,932,245
Contributions made	(663,053,048)	(38,604,718)
Increase (decrease) in net pension obligation	35,433,011	4,327,527
Net pension obligation beginning of year	122,644,938	(2,014,046)
Net pension obligation end of year	\$ 158,077,949	\$ 2,313,481

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In accordance with GASB 27, paragraph 21(b), the LASERS and LSPRS disclose the following:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<u>LASERS</u>			
6/30/10	\$590,821,448	86.4 %	\$30,422,218
6/30/11	\$672,329,839	86.3 %	\$122,644,938
6/30/12	\$698,486,059	91.2 %	\$158,077,949
<u>LSPRS</u>			
6/30/10	\$39,150,610	75.7 %	\$(6,329,863)
6/30/11	\$40,921,425	93.3 %	\$(2,014,046)
6/30/12	\$42,932,245	89.9 %	\$2,313,481

Actuarial Methods and Assumptions

The following table provides information concerning actuarial methods and assumptions as of the June 30, 2012, actuarial valuation date.

	<u>LASERS</u>	<u>TRSLA</u>	<u>LSERS</u>	<u>LSPRS</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age	Entry Age
Amortization Method	Level Dollar*	Level Dollar*	Level Dollar*	Level Dollar**
Remaining Amortization *** Period (Open or Closed Period)	Up to 30 years* Closed	Up to 30 years* Closed	17-30 years* Closed	17 years** Closed
Asset Valuation Method	All assets valued at 4-year weighted market average	All assets valued at 4-year weighted market average	All assets valued at 4-year weighted market average	All assets valued at 4-year weighted market average
Actuarial Assumptions:				
Investment Rate of Return [#]	8.25%	8.25%	7.5%	7.5%
Projected Salary Increases	4.3 – 14%****	4.3 – 6.5%	4.0– 6.0%	4.5 – 15.5%
Cost of Living Adjustment	None ^{##}	None ^{##}	None	None
[#] Includes inflation at:	3%	3%	3%	3%

^{##} Act 144 of 2009 provides a one-time minimum benefit increase, effective July 1, 2009, to retirees who meet the eligibility requirements. The increase in actuarial accrued liability resulting from the minimum benefit increase will be funded from the Employee Experience account, prior to liquidating per Act 497. Act 497 of 2009 moves the remaining balance of this Employee Experience account on June 30, 2009, after deducting the cost of the minimum benefit increase to a subaccount of the IUAL Amortization Fund.

Act 270 of 2009 Regular Session, effective July 1, 2009, provides a member, upon applying for retirement, the irrevocable option to elect a retirement plan whereby his benefit is actuarially reduced, but he shall receive a 2.5% cost of living adjustment (COLA) annually on his retirement anniversary date. The COLA shall be payable to any retiree who is age 55 and older. This provision is not available to disability retirees in LASERS. This provision is available to disability retirees upon conversion to a service retirement in TRSLA, LSERS and LSPRS, but this provision does not apply to any participant in the Back-DROP program in LSPRS.

* Effective July 1, 2004, LRS 11:102 mandated the following amortization periods and methods of unfunded accrued liabilities for changes, gains and losses:

<u>System</u>	<u>Occurring</u>	<u>Amortization Method</u>	<u>Remaining Period</u>
LASERS	Before 1999	Level Dollar	Through 2029
	1999-2003	Annuity increasing at 4.5% annually	30 years from change
	2004 and later	Level Dollar	30 years from change
TRSLA	Before 2001	Level Dollar	Through 2029
	2001 - 2003	Annuity increasing at 4.5% annually	30 years from change
	2004 and later	Level Dollar	30 years from change
LSERS	Before 2001	Level Dollar	Through 2029
	2001 - 2003	Annuity increasing at 4.5% annually	30 years from change
	2004 and later	Level Dollar	30 years from change

** Effective July 1, 2009, LRS 11:102 mandated the following amortization periods and methods of unfunded accrued liabilities for changes, gains and losses for the LSPRS:

<u>Occurring</u>	<u>Amortization Method</u>	<u>Remaining Period</u>
Before 2009	Level Dollar	Through 2029
2009 and later	Level Dollar	30 years from change

*** Act 497 of 2009 consolidates the outstanding balance of all amortization schedules established on or before July 1, 2008, into two amortization schedules, the Original Amortization Base (OAB) and the Experience Account Amortization Base (EAAB). The consolidation is effective July 1, 2010.

Changes to Actuarial Methods and Assumptions from prior year:

	<u>2012</u>	<u>2011</u>
<u>LSERS</u>		
Remaining Amortization Period	17-30	18-30
<u>LSPRS</u>		
Remaining Amortization Period	17	18

**** The listed projected salary rates do not include those for judges, correction officers and wildlife agents or employees working hazardous duty.

Funding Status and Progress

Because the purpose of each system is to provide specific benefits to groups of employees at various times in the future, actuarial valuations and assumptions are made regularly. The most recent actuarial valuation for the four statewide retirement systems is as of June 30, 2012. The Schedule of Funding Progress for the six* most recent actuarial valuations are as follows:

Schedule of Funding Progress (Expressed in Thousands)

<u>LASERS</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarial Valuation Date	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07
Actuarial Value of Assets	\$9,026,416	\$8,763,101	\$8,512,403	\$8,499,662	\$9,167,170	\$8,345,495
Actuarial Accrued Liability	\$16,157,898	\$15,221,055	\$14,764,015	\$13,986,847	\$13,562,214	\$12,421,907
Unfunded AAL	\$7,131,482	\$6,457,954	\$6,251,612	\$5,487,185	\$4,395,044	\$4,076,411
Funded Ratio	55.9%	57.6%	57.7%	60.8%	67.6%	67.2%
Annual Covered Payroll	\$2,341,703	\$2,408,840	\$2,546,457	\$2,562,576	\$2,436,956	\$2,175,367
UAAL as a Percentage of Covered Payroll	304.5%	268.1%	245.5%	214.1%	180.3%	187.4%
Unfunded Funding Actuarial Liability	\$7,131,482	\$6,457,954	\$6,251,612	\$5,693,998	\$4,473,115	\$4,129,688
<u>TRSLA</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarial Valuation Date	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07
Actuarial Value of Assets	\$13,584,409	\$13,286,295	\$12,868,484	\$13,500,766	\$15,507,834	\$14,812,298
Actuarial Accrued Liability	\$24,540,080	\$24,096,754	\$23,674,842	\$22,839,411	\$22,090,516	\$20,772,330
Unfunded AAL	\$10,955,671	\$10,810,459	\$10,806,358	\$9,338,645	\$6,582,683	\$5,960,032
Funded Ratio	55.4%	55.1%	54.4%	59.1%	70.2%	71.3%
Annual Covered Payroll	\$3,808,761	\$3,902,647	\$3,977,819	\$3,912,326	\$3,675,014	\$3,224,566
UAAL as a Percentage of Covered Payroll	287.6%	277.0%	271.7%	238.7%	179.1%	184.8%
Unfunded Funding Actuarial Liability	\$10,955,671	\$10,810,459	\$10,806,358	\$10,117,515	\$6,967,625	\$6,250,578

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Schedule of Funding Progress (Expressed in Thousands)

LSERS	2012	2011	2010	2009	2008	2007
Actuarial Valuation Date	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07
Actuarial Value of Assets	\$1,403,464	\$1,349,830	\$1,350,073	\$1,410,316	\$1,578,991	\$1,558,328
Actuarial Accrued Liability	\$2,278,472	\$2,254,351	\$2,213,362	\$2,153,360	\$2,060,242	\$1,947,603
Unfunded AAL	\$875,008	\$904,522	\$863,289	\$743,044	481,251	\$389,275
Funded Ratio	61.6%	59.9%	61.0%	65.5%	76.6%	80.0%
Annual Covered Payroll	\$277,191	\$296,693	\$306,333	\$315,400	\$289,259	\$259,045
UAAL as a Percentage of Covered Payroll	315.7%	304.9%	281.8%	235.6%	166.2%	150.3%
Unfunded Funding Actuarial Liability	\$873,008	\$904,521	\$863,389	\$743,044	\$481,251	\$389,275

LSPRS	2012	2011	2010	2009	2008	2007
Actuarial Valuation Date	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07
Actuarial Value of Assets	\$415,966	\$401,146	\$391,669	\$395,905	\$438,075	\$428,880
Actuarial Accrued Liability	\$759,653	\$740,257	\$704,747	\$678,307	\$637,832	\$587,527
Unfunded AAL	\$343,687	\$339,111	\$313,078	\$282,402	\$199,757	\$158,646
Funded Ratio	54.8%	54.2%	55.6%	58.4%	68.7%	73.0%
Annual Covered Payroll	\$57,828	\$58,592	\$59,340	\$59,556	\$56,728	\$49,763
UAAL as a Percentage of Covered Payroll	594.3%	578.8%	527.6%	474.2%	352.1%	318.8%
Unfunded Funding Actuarial Liability	\$343,687	\$339,111	\$313,078	\$282,402	\$199,757	\$158,646

Unfunded Actuarial Accrued Liability (UAAL) differs from the Unfunded Funding Actuarial Liability (UFAL) for funding purposes. UFAL for funding purposes excludes Initial Unfunded Actuarial Liability (IUAL) Amortization Fund Assets and the Employer Credit Account, when applicable.

Pursuant to Act 497 of the 2009 Regular Session, the balance in the Experience Account (formerly the Employee Experience Account) is reset to zero effective June 30, 2009, and is limited to no more than the reserve for two permanent benefit increases (formerly cost-of-living adjustments). Funds remaining in the Experience Account at June 29, 2009, were moved to a subaccount of the Initial Unfunded Actuarial Liability Amortization Fund and retained there until applied in a manner consistent with the provisions of this Act. The account is used to fund permanent benefit increases for retirees. At June 30, 2012, the Experience Accounts for both LASERS and TRSLA had zero balances as prescribed by the Act.

* GASB 25, paragraph 34, requires only three years of valuations for single employer plans. We chose to show six years for all statewide retirement systems.

A Schedule of Funding Progress is Required Supplementary Information for each of the individual retirement systems. This RSI can be found on the following pages of the individual reports: LASERS – 45, TRSLA – 59, LSERS – 32, LSPRS – 21.

Readers wishing to see pension information not included in this report, such as Required Supplementary Information, may request a copy of the separately issued financial reports by writing to each retirement system individually at the addresses listed in Note 1.

B. LOUISIANA LOTTERY CORPORATION RETIREMENT PLANS

Pursuant to LRS 47:9015(A), the Louisiana Lottery Corporation provides two defined contribution retirement plans for its employees.

1. Basic Retirement

The Basic Retirement Plan was established effective September 1, 1993, with all employees eligible except those who elect coverage under a State retirement plan and those who are either independent contractors or leased employees. Eligible employees may participate in the Plan immediately upon employment. Employer contributions for fiscal year 2012 were 5% of the participant's compensation. Employee contributions were 6.2% of their compensation. Participants are fully vested immediately. Plan assets do not revert for the benefit of

the employer. Benefit distributions commence as of the date designated by the participant (annuity starting date) after termination of employment, but not later than April 1st of the year following the calendar year in which the participant attains age seventy and one half. The participant must make a qualified election to receive the distribution in the form of a single-sum payment or in the form of a qualified joint and survivor annuity or single life annuity contract. As of June 30, 2012 there were 112 participants in the Basic Plan. Employee and employer contributions for fiscal year 2012 were \$309,485 and \$249,585, respectively.

2. Supplemental Retirement

Substantially all full-time employees are eligible to participate in the Supplemental Retirement Plan. An employee is eligible to participate in the plan immediately upon employment and is fully vested. The Louisiana

Lottery Corporation contributed 4.5% of each participant's compensation for fiscal year 2012. Generally, participants are not permitted to contribute to the Plan; however, participants may contribute proceeds from a qualified rollover distribution as allowed by IRC Section 402. Each fiscal year, the board of directors of the Corporation may determine the amount of a discretionary contribution not to exceed 2% of each participant's compensation for any fiscal year. Plan assets do not revert for the benefit of the Corporation. The distribution of a participant's vested and non-forfeitable portion of his or her account is made in the form of a single-sum payment after the participant terminates employment with the Corporation, attains the normal retirement age or dies. As of June 30, 2012, there were 101 participants in the Supplemental Plan. Employer contributions for fiscal year 2012 were \$311,554.

NOTE 6A: EMPLOYEE BENEFITS - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Background

The State of Louisiana compensates its employees in a variety of ways in exchange for their services. In addition to a salary, many employees are provided benefits over their years of service that will not be received until their employment with the State ends. The most common type of these postemployment benefits is a pension. Other postemployment benefits (OPEB) provided are healthcare and life insurance benefits. For fiscal year 2012, costs of providing the State's portion of retiree medical and life insurance benefit premiums were recognized as an expense when the benefit premiums were due and thus were financed on a pay-as-you-go basis.

A. OFFICE OF GROUP BENEFITS (OGB) PLAN

Plan Description

Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the fiscal year ending June 30, 2007 addresses the OPEB reporting requirements for the State's OPEB plan, Office of Group Benefits (OGB). Through self-insured and self-funded OGB programs, premiums are collected and benefits are paid as they come due in accordance with an agreement between the employers and plan members and their beneficiaries. OGB is the administrator for the agent multiple-employer defined benefit OPEB plan; it provides healthcare coverage and life insurance to eligible participants who are employees of the State, some school systems, and certain non-state employers. A summary of employers and members participating in the plan at June 30, 2012 is as follows:

	<u>Number of Employers</u>		<u>Plan Membership</u>
States	1	Retirees and beneficiaries	51,278
School systems	43	Active plan members	80,246
Non-state agencies	88		
State agencies	228	Total	131,524
Total	360		

Benefit provisions are established or may be amended under the authority of LRS 42:802. All benefits and premium structures are reviewed by the OGB Policy and Planning Board. A written report from this Board is forwarded to the House Appropriations Committee and Senate Finance Committee for oversight. OGB does not issue a stand-alone financial report on the Plan; however, the financial information is included in the State's Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained on the website at www.doa.la.gov/OSRAP/CAFR-2.htm.

Summary of Significant Accounting Policies

OGB's financial statements are prepared on the full-accrual basis of accounting using the economic resources measurement focus. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The financial statements of OGB include the financial transactions of only the state agencies and are reported in the General Fund. There were no long-term contracts for contributions to the plan, legally required reserves, or designations of net assets for the plan at the reporting date. The financial statements of the non-state agencies and school systems collectively are reported in the agency fund, Non-State Entities OPEB Fund. These agency fund statements are prepared on the accrual basis but do not have a measurement focus, as they report only assets and liabilities.

Funding Policy

Substantially all employees become eligible for postretirement benefits if they reach normal retirement age while working for the State and are a member of OGB. Life insurance for the individual employee is financed by equal contributions from the State and the employee; insurance for eligible dependents and voluntary optional life products are funded totally through employees' contributions. To be eligible for retiree health insurance coverage, the coverage must be in effect prior to the retirement date. For those beginning participation or rejoining on or after January 1, 2002, the state subsidy of the premium is based on the number of years of participation in a Group Benefits Health Plan. This also

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applies to dependents that begin coverage after July 1, 2002. LRS 42:851 provides the authority under which the obligations of the plan members, employers, and other contributing entities that contribute to the plan are established or may be amended. OGB offers five standard healthcare plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) Plan, the Consumer Driven Health Plan (CDHP) with a Health Savings Account (HSA), the Medical Home Health HMO Plan (MHHP)

available in region 9 only, and the Regional HMO Plan available in regions 6, 7, 8, and 9 only. Retired employees who have Medicare Part A and Part B coverage also have access to five OGB Medicare supplemental plans. Administrative costs of the OGB plan are financed through the premiums collected for all classes of active and retired plan members. Contribution amounts vary depending on which healthcare provider is selected from the plan, years of participation, and whether the member has Medicare coverage. Following is a summary of plan provisions:

Summary of Plan Provisions – OGB Health Plan

Health Insurance Monthly Premiums

Employees hired before January 1, 2002 pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Total annual per capita medical contribution rates are shown in the table below.

Employees hired on or after January 1, 2002 pay a percentage of the total contribution rate upon retirement based on the following schedule:

<u>Service</u>	<u>Employer Contribution Percentage</u>	<u>Employee Contribution Percentage</u>
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

Effective January 1, 2012 the Plan changed from a fiscal year plan to a calendar year plan. Health Premium Rates for the fiscal year are as follows:

Effective 7/1/11 - 12/31/11

	<u>PPO</u>	<u>HMO</u>	<u>CDHP with HSA</u>	<u>Region 9 Medical Home HMO</u>	<u>Regions 6, 7, 8, & 9 Regional HMO</u>
<u>Active</u>					
Single	\$ 589.80	\$ 557.20	\$ 457.84	\$ 569.24	\$ 553.28
With Spouse	1,252.72	1,183.36	972.40	1,209.08	1,158.32
With Children	719.32	679.52	558.56	694.48	671.72
Family	1,321.20	1,248.00	1,025.48	1,275.12	1,220.76
<u>Retired No Medicare & Re-employed Retiree</u>					
Single	1,097.24	1,039.92	N/A	1,058.80	1,016.20
With Spouse	1,937.56	1,836.24	N/A	1,869.96	1,783.24
With Children	1,222.20	1,158.40	N/A	1,179.48	1,130.32
Family	1,928.16	1,827.44	N/A	1,860.88	1,774.64
<u>Retired with 1 Medicare</u>					
Single	356.80	344.04	N/A	344.40	340.68
With Spouse	1,318.36	1,257.32	N/A	1,272.24	1,218.08
With Children	617.60	591.80	N/A	596.00	578.60
Family	1,756.60	1,673.60	N/A	1,695.20	1,618.00
<u>Retired with 2 Medicare</u>					
With Spouse	641.36	616.68	N/A	618.76	600.12
With Family	794.12	763.56	N/A	766.20	739.52

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Effective 1/1/12 - 6/30/12

	PPO	HMO	CDHP with HSA	Region 9 Medical Home HMO	Regions 6, 7, 8, & 9 Regional HMO
Active					
Single	\$ 619.28	\$ 585.08	\$ 480.72	\$ 609.08	\$ 553.28
With Spouse	1,315.36	1,242.52	1,021.04	1,293.72	1,158.32
With Children	755.28	713.52	586.48	743.08	671.72
Family	1,387.28	1,310.40	1,076.76	1,364.36	1,220.76
Retired No Medicare & Re-employed Retiree					
Single	1,152.12	1,091.92	N/A	1,132.88	1,016.20
With Spouse	2,034.44	1,928.04	N/A	2,000.84	1,783.24
With Children	1,283.32	1,216.32	N/A	1,262.00	1,130.32
Family	2,024.56	1,918.80	N/A	1,991.08	1,774.64
Retired with 1 Medicare					
Single	374.64	361.24	N/A	368.48	340.68
With Spouse	1,384.28	1,320.20	N/A	1,361.28	1,218.08
With Children	648.48	621.40	N/A	637.72	578.60
Family	1,844.44	1,757.28	N/A	1,813.84	1,618.00
Retired with 2 Medicare					
With Spouse	673.44	647.52	N/A	662.08	600.12
With Family	833.84	801.72	N/A	819.84	739.52

Medicare Supplemental Rates

	Humana PPO	Humana HMO	Peoples HMO	Vantage HMO	United HMO
Effective 7/1/11 - 12/31/11					
Retired with 1 Medicare:					
Single	\$ 149.00	\$ 145.00	\$ 115.00	\$ 258.00	\$ 198.50
Retired with 1 Medicare:					
With Spouse	298.00	290.00	230.00	516.00	397.00
Effective 1/1/12 - 6/30/12					
Retired with 1 Medicare:					
Single	\$ 150.00	\$ 156.00	\$ 167.00	\$ 279.01	\$ 213.77
Retired with 1 Medicare:					
With Spouse	300.00	312.00	334.00	558.02	427.54

All members who retire on or after July 1, 1997 must have Medicare Parts A and B in order to qualify for the reduced premium rates.

Life Insurance Premiums

Retiree pays 50 cents for each \$1,000 of life insurance.
Retiree pays 88 cents for each \$1,000 of spouse life insurance.

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. Effective July 1, 2007, the State implemented GASB 45 prospectively which requires reporting on an accrual basis the liability associated with other postemployment benefits and the OPEB liability at transition was zero. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at the end of the year for the OGB plan were as follows (dollar amounts in thousands):

	Primary Government	Component Units
Annual required contribution	\$ 344,935	\$ 173,468
Interest on OPEB obligation	79,039	39,590
Adjustment to annual required contribution	(75,506)	(37,820)
Annual OPEB cost (expense)	348,468	175,238
Contributions made	(174,895)	(77,616)
Increase in net OPEB obligation	173,573	97,622
Net OPEB obligation beginning of year, as restated	1,975,985	990,195
End of year	\$ 2,149,558	\$ 1,087,817

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<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
<u>Primary Gov't:</u>			
6/30/2010	\$578,667	25.41%	\$1,656,234
6/30/2011	\$475,086	32.18%	* \$1,975,985
6/30/2012	\$348,468	50.19%	\$2,149,558
<u>Component Units:</u>			
6/30/2010	\$275,945	25.16%	\$827,852
6/30/2011	\$233,468	30.46%	\$990,195
6/30/2012	\$175,238	44.29%	\$1,087,817

*restated

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$4,862,237,500 for the primary government and \$2,201,779,000 for component units. The covered payroll (annual payroll of active employees covered by the plan) was \$1,661,529,600 for the primary government and \$1,407,436,300 for the component units, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 292% for the primary government and 156% for the component units. As of June 30, 2012, the State did not have an OPEB trust. A trust was established with an effective date of July 1, 2008, but was not funded, had no assets, and hence had a funded ratio of zero.

Actuarial valuations of the State's plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents information that shows whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is based on the expected long-term investment returns on the employer's own investments, and on initial annual healthcare cost trend rates of 7.5% and 8.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized using the level percentage of projected payroll amortization method on an open basis. The remaining amortization period at June 30, 2012 was thirty years.

B. LSU HEALTH PLAN

Plan Description

The Louisiana State University (LSU) System (System), a discretely presented component unit of the State, offers its eligible employees, retirees, and their beneficiaries the opportunity to participate in one of two OPEB plans affording healthcare and life insurance. One offering is OGB, which has already been discussed in this note, and the other is LSU Health Plan (the Plan). The Plan is also offered to members of the State House of Representatives and the State Senate, its officers and staff, and the Legislative Budgetary Control Council which are primary government entities. Upon leaving employment with LSU, the State House of Representatives, State Senate, or the Legislative Budgetary Control Council, employees can transfer the Plan to OGB eligible employers provided the employer signs a successor employer agreement with LSU. Therefore, some participants of the Plan are currently employees of the primary government. Participation in the Plan by primary government employees is limited and not material. As a result, the plan is identified as a single-employer defined benefit healthcare plan that is not administered as a trust or equivalent arrangement. Benefit provisions are established or may be amended under the authority of LRS 42:851. The System selects claim and pharmaceutical administrators to administer the plan; they are selected through a formal Request for Proposals process followed by negotiations between the System and qualified vendors. The Plan does not issue a stand-alone financial report, but the financial information on the Plan is included in the System's audited Financial Report which can be obtained on the System's website at www.fas.lsu.edu/accts/services/far_b/supp_2012.html. A summary of members participating in the plan at June 30, 2012, is as follows:

Retirees and beneficiaries	1,646
Active plan members	<u>11,594</u>
Total	<u>13,240</u>

Summary of Significant Accounting Policies

The System's financial statements are prepared on the full-accrual basis of accounting using the economic resources measurement focus. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. There were no long-term contracts for contributions to the plan, legally required reserves, or designations of net assets for the plan at the reporting date.

Funding Policy

Administrative costs of the LSU Health Plan are financed through the premiums collected for all classes of active and retired plan members. The plan rates are actuarially determined and must be approved by OGB under LRS 42:851.B; they are in effect for one year and members have the opportunity to change providers during the open enrollment period. Employees become eligible for postemployment benefits if they reach normal retirement age while working for the State. The Plan offers plan members a choice of selecting Option 1 or Option 2. Contribution amounts vary depending on which option is selected from the plan. Following is a summary of plan provisions:

Summary of Plan Provisions – LSU Health Plan

Health Insurance Monthly Premiums

Employees hired before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Total annual per capita medical contribution rates for 2011-2012 are shown in the table below.

Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate upon retirement based on the following schedule:

<u>Service</u>	<u>Employer Contribution Percentage</u>	<u>Employee Contribution Percentage</u>
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

	<u>PPO</u>	<u>HMO</u>
<u>Active</u>		
Single	\$ 556.34	\$ 481.04
With Spouse	992.58	858.22
With Children	682.62	609.94
Family	1,186.64	1038.14
<u>Retired No Medicare & Re-employed Retiree</u>		
Single	1056.43	965.60
With Spouse	1865.45	1705.02
With Children	1176.73	1070.83
Family	1856.46	1692.16
<u>Retired with 1 Medicare</u>		
Single	323.81	279.95
With Spouse	1118.30	966.94
With Children	615.08	553.58
Family	1586.73	1378.21
<u>Retired with 2 Medicare</u>		
With Spouse	565.07	488.60
With Family	767.28	670.83

Life Insurance

Effective July 1, 2009 eligible retirees are provided \$25,000 in life insurance coverage for their lifetime at no cost to the retiree.

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Annual OPEB Cost and Net OPEB Obligation

The annual required contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. Effective July 1, 2007, the State implemented GASB 45 prospectively which requires reporting on an accrual basis the liability associated with other postemployment benefits and the OPEB liability at transition was zero. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at the end of the year were as follows (dollar amounts in thousands):

	Primary Government	Component Unit
Annual required contribution	\$ 2,676	\$ 74,883
Interest on OPEB obligation	273	8,028
Adjustment to annual required contribution	(232)	(6,795)
Annual OPEB costs (expense)	2,717	76,116
Contributions made	(550)	(15,792)
Increase in net OPEB obligation	2,167	60,324
Net OPEB obligation beginning of year	6,421	188,893
Net OPEB obligation end of year	\$ 8,588	\$ 249,217

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Primary Government:			
6/30/2010	\$2,104	24.48%	\$4,721
6/30/2011	\$2,253	24.55%	\$6,421
6/30/2012	\$2,717	20.24%	\$8,588
Component Units:			
6/30/2010	\$63,328	19.90%	\$134,825
6/30/2011	\$67,784	20.23%	\$188,893
6/30/2012	\$76,116	20.75%	\$249,217

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$22,829,200 for the primary government and \$803,135,200 for component units. The covered payroll (annual payroll of active employees covered by the plan) was \$24,143,600 for the primary government and \$590,614,600 for the component units, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 95% for the primary government and 136% for the component units. As of June 30, 2012, the plan had no assets, and hence had a funded ratio of zero.

Actuarial valuations of the LSU Health Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarial determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents information that shows whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.25% investment rate of return (net of administrative expenses), which is based on the expected long-term investment returns on the employer's own investments, and on an initial healthcare inflation rate of 9%, and an ultimate rate of 5%. The unfunded actuarial accrued liability is being amortized using the level percentage of projected payroll amortization method on an open basis. The remaining amortization period at June 30, 2012, was thirty years. Projected salary increases were 4% per annum.

C. OTHER PLANS

Six discretely presented component units of the State have their own Postemployment Benefits Plan and provided actuarial valuation results to the State. The net OPEB obligation at June 30, 2012 for each of the six plans was Southeast Louisiana Flood Protection Authority – East \$8,426, Greater New Orleans Expressway Commission \$3,064, Louisiana Citizens Property Insurance Corporation \$1,573, Southeast Louisiana Flood Protection Authority – West \$765, Tensas Basin Levee Board \$451, and Louisiana Motor Vehicle Commission \$312 for a total of \$14,591 (dollar amounts in thousands). These plans are not disclosed in detail in the CAFR but are available in the agencies' separate financial statements. For the addresses of the agencies, see note 1 of this CAFR.

NOTE 6B: EMPLOYEE BENEFITS - TERMINATION BENEFITS

A. Background

Termination benefits are provided by the State for purposes other than salary and wages, such as cash payments for severance benefits or an employee's continued access to healthcare. The termination benefits are provided as settlement for:

- 1) involuntary terminations initiated by management in accordance with an authorized plan that contains specific criteria for identifying affected employees (for example, a reduction in force plan) or
- 2) voluntary terminations initiated by employees in response to an early retirement incentive plan offered by the state in exchange for an employee's continued employment.

B. Description of Termination Benefits

In fiscal year 2012 some state agencies adopted lay off avoidance plans to provide a mechanism to manage budget deficits while delaying or avoiding layoffs. These layoff avoidance plans included early retirement incentives, which resulted in the payment of termination benefits. The retirement incentives consisted of up to 50% of the employees' annual salary that would be saved in a fiscal or calendar year calculated on the employees' actual salary for the year without the need for future discounting. Each layoff avoidance plan was approved by the Department of Civil Service in accordance with Civil Service Rules 17.2 and 17.9. The incentives were offered to employees who were eligible for regular retirement in accordance with the employees' applicable state retirement system regulations. Employees who were eligible for early retirement were excluded. See Note 6-A, Public Employees' Retirement Systems, for qualifications for regular retirement.

C. Termination Benefits Reported

During the year ended June 30, 2012, there were 13 Primary Government and 81 Component Unit terminations that met the termination criteria described above. The Primary Government's governmental and government-wide statements both include \$300,040 of expenditures/expenses and no related liabilities. Component Unit statements report \$1,062,200 of expenses and no current year liabilities.

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NOTE 7: LEASES

A. LEASE AGREEMENTS

The State of Louisiana has entered into numerous operating and capital lease agreements for equipment, land, and buildings. Most leases contain non-appropriation exculpatory clauses that allow lease cancellation if the Louisiana Legislature does not make an appropriation for its continuation during any future fiscal period. Because legislative appropriation is reasonably assured, all leases contracted by the state are included in the schedules below.

B. OPERATING LEASES

Operating lease payments are recorded as expenditures or expenses of the applicable fund when the related liability is incurred and primary government and component units totaled (expressed in thousands) \$74,789 and \$32,770 respectively, for the fiscal year ended June 30, 2012. Commitments of the primary government under operating lease agreements for equipment, land, and buildings provide for future annual rental payments as follows (expressed in thousands):

Fiscal Year	Office Space	Equipment	Land	Other	Total
2013	\$ 46,588	\$ 3,230	\$ 243	\$ 6,388	\$ 56,449
2014	20,841	1,544	167	5,847	28,399
2015	16,804	1,429	137	5,170	23,540
2016	13,969	1,405	107	4,974	20,455
2017	7,825	1,427	71	4,924	14,247
2018-2022	9,121	6,148	144	9,385	24,798
2023-2027	7,826	6,424	80	9,462	23,792
Total	<u>\$ 122,974</u>	<u>\$ 21,607</u>	<u>\$ 949</u>	<u>\$ 46,150</u>	<u>\$ 191,680</u>

Operating leases for component units are as follows (expressed in thousands):

Office space - \$77,553; Equipment - \$3,600; Land - \$2,380; and Other - \$75,917 for a total of \$159,450.

C. CAPITAL LEASES AND INSTALLMENT PURCHASE AGREEMENTS

Capital lease obligations are payable from resources of the governmental and proprietary funds. The following is a schedule of future minimum payments remaining under contracts in existence at June 30, 2012 (expressed in thousands):

Fiscal Year	Governmental Activities	Business-Type Activities	Component Units
2013	\$ 927	\$ 23	\$ 8,628
2014	264	--	8,360
2015	256	--	8,666
2016	--	--	7,708
2017	--	--	6,748
2018-2022	--	--	27,386
2023-2027	--	--	9,993
2028-2032	--	--	839
2033-2037	--	--	--
2038-2042	--	--	--
Subtotal	<u>1,447</u>	<u>23</u>	<u>78,328</u>
Less interest and executory costs	<u>106</u>	<u>0</u>	<u>17,102</u>
Present value of minimum lease payments	<u>\$ 1,341</u>	<u>\$ 23</u>	<u>\$ 61,226</u>

The gross amount of the leased assets at June 30, 2012 (expressed in thousands) for governmental activities is \$2,270 for office space and \$4,046 for equipment; business-type activities is \$130 for equipment; and component units is \$4,986 for office space, and \$128,475 for equipment.

Total capital leases by asset classes include the following (expressed in thousands):

	Governmental Activities	Business-Type Activities	Component Units
Buildings	\$ 668	\$ --	\$ --
Office Space	--	--	5,021
Equipment	769	23	144,100
Land	--	--	--
Other	--	--	--
Total Capital Leases	\$ 1,437	\$ 23	\$ 149,121

D. LESSOR LEASES

Various property and facilities are leased to outside parties as leases from port authorities, levee districts, universities, and various other entities. The current amount of lease revenues (expressed in thousands) is \$1,573 for the primary government, \$252 for business-type activities, and \$11,599 for component units for the fiscal year ending June 30, 2012.

The value of the property carried on the financial reports for the entities included below (expressed in thousands) is \$10,206 for land; \$257,458 for buildings; \$2,586 for equipment; and \$162 for other purposes. Accumulated depreciation on the buildings and equipment totaled \$138,527.

OPERATING LEASES

The following is a schedule by years of minimum future rentals on operating leases as of June 30, 2012 (expressed in thousands):

Fiscal Year	Governmental Activities	Business-Type Activities	Component Units
2013	\$ 1,348	\$ 186	\$ 21,200
2014	160	186	19,820
2015	155	186	19,306
2016	91	186	18,111
2017	2	157	23,500
2018-2022	11	84	55,203
2023-2027	11	--	25,538
2028-2032	11	--	11,221
2033-2037	--	--	11,206
2038-2042	--	--	7,209
Total	\$ 1,789	\$ 985	\$ 212,314

The contingent rental revenue received from the lessor operating leases above as of June 30, 2012 (expressed in thousands) is \$2,758 for office rentals, \$64 for equipment rentals, \$543 for land, and \$63 for other rentals totaling \$3,428.

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NOTE 8: LONG-TERM OBLIGATIONS

A. DEBT AUTHORIZATION AND LIMITATIONS

The Louisiana Constitution of 1974 provides that the State shall have no power, directly or indirectly, through any board, agency, commission, or otherwise, to incur debt or issue bonds except by law enacted by two-thirds of the elected members of each house of the Legislature. LRS 39:1365(25) limits the legislative authorization of general obligation bonds and other general obligations secured by the full faith and credit of the State by prohibiting total authorized bonds from exceeding an amount equal to two times the average annual revenues of the Bond Security and Redemption Fund for the last three fiscal years prior to such authorization. The bond authorization limitation is \$22,551,477,000. The total general obligation bonds authorized are \$2,543,225,000 at June 30, 2012, or 11.28% of the bond authorization limit.

LRS 39:1402(D) limits issuance by the Louisiana State Bond Commission of general obligation bonds or other general obligations secured by the full faith and credit of the State. The highest annual debt service requirement for the current or any subsequent fiscal years for general obligation debt, including the debt service on any bonds or other obligations that are proposed to be sold by the Louisiana State Bond Commission, may not exceed 10% of the average annual revenues of the Bond Security and Redemption Fund for the last three fiscal years completed prior to the issuance being proposed. The general obligation debt issuance limitation is \$1,127,574,000. At June 30, 2012, the highest current or future annual general obligation debt service requirement is \$298,833,000, which represents 26.50% of the debt issuance limitation.

LRS 39:1367, enacted pursuant to a constitutional amendment, provides that the State Bond Commission establish annually a limit on the net State tax-supported debt issued subject to certain percentages established in the statutes and based on General Fund and dedicated funds revenues forecast by the Revenue Estimating Conference. The maximum amount of net State tax-supported debt allowed by statute for fiscal year 2011-2012 is 6.00% of estimated General Fund and dedicated funds revenues established by the Revenue Estimating Conference, which was \$595,560,000. During the fiscal year 2011-2012, the total net State tax-supported debt paid was \$518,024,000 or 5.22% of the estimated General Fund and dedicated funds' revenues established by the Revenue Estimating Conference.

B. AUTHORIZED BUT UNISSUED DEBT

The Omnibus Bond Authorization Act of 2012 provides for the repeal of all acts authorizing the issuance of general obligation bonds, except for any act authorizing issuance

of refunding bonds and Act 41 of the 2006 First Extraordinary Session. Act 41 authorized the sale of bonds to provide relief to political subdivisions of the state affected by natural catastrophes. The Omnibus Bond Authorization Act requires the legislature to annually repeal the issuance of general obligation bond authorizations for projects that are no longer found feasible or desirable; to reauthorize general obligation bonds for projects deemed to be essential, and to authorize new projects. As a result, there were no authorized but unissued general obligation bonds outstanding at June 30, 2012.

C. PURPOSE AND RETIREMENT OF GENERAL OBLIGATION BONDS

General obligation bonds are authorized and issued primarily to provide funds for constructing and improving State-owned facilities including ports, university facilities, public schools, parks, bridges, roads, and charity hospitals. General obligation bonds are backed by the full faith, credit, and taxing power of the State. Although certain general obligation debt is being retired from the resources of the enterprise funds and discretely presented component units and is therefore recorded in these funds, the State remains contingently liable for its payment. General obligation debt issued to finance the construction and equipping of education buildings and other facilities for colleges and universities and not secured by a pledge of revenues from the related facilities is a direct obligation of the State and is reported in the government-wide financial statements. Other general obligation debt of the college and university funds, which is being retired from pledged resources of those funds, is reported as a liability of the component units although the State remains contingently liable for its retirement. Interest on variable-rate bonds is generally reset each Wednesday and is based on the SIFMA Rate, plus a fixed percentage, depending on the bond offering.

In order to facilitate the funding of capital improvements by certain governmental units and political subdivisions of the State, the Omnibus Bond Authorization Act of 2011 authorized the issuance of general obligation bonds contingent upon executing a reimbursement contract with the State Bond Commission pertaining to the reimbursement payments and reimbursement reserve account payments for such projects. A reimbursement contract is a contract between the State, as bond issuer, and an entity, through which the entity receives a portion of bond money for its project. The entity repays or reimburses the State at the same interest rate and the same maturity dates as the bond issue. Entities utilize reimbursement contracts to attempt to obtain a better interest rate.

Reimbursement contracts include colleges and universities in the amount of \$65,000 and miscellaneous contracts in the amount of \$61,589. Applicable interest to maturity is

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\$3,796 and \$9,495, respectively. In the accompanying financial statements, reimbursement contracts are shown

as accounts receivable and the debt shown is not reduced for these items.

D. LONG-TERM OBLIGATIONS OUTSTANDING AT JUNE 30, 2012

Long-term obligations outstanding at June 30, 2012, principal only, are as follows (expressed in thousands):

Long-Term Obligations	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year	Interest Rates
GOVERNMENTAL ACTIVITIES:						
General obligation bonds						
Payable	\$ 2,559,600	\$ 1,011,490	\$ 809,290	\$ 2,761,800	\$ 190,225	Variable
Other bonds payable by agency:						
Crescent City Connection	4,540	--	2,215	2,325	2,325	2.00 –3.65%
Health Education Authority of Louisiana	7,125	--	185	6,940	200	5.70 –8.30%
Louisiana Correctional Facilities Corporation	18,445	--	1,695	16,750	1,780	4.00 –5.00%
Office Facilities Corporation	226,915	69,890	93,670	203,135	18,855	2.50 -5.25%
Public Safety LPFA	54,335	--	4,825	49,510	5,070	5.00 –5.88%
LPFA Office Facilities Corporation	263,925	--	11,240	252,685	11,690	3.20 –6.50%
Tobacco Settlement Financing	862,935	--	39,835	823,100	40,000	5.50 –6.36%
Transportation Infrastructure Model for Economic Development	2,740,060	803,080	817,950	2,725,190	14,430	1.00 –6.00%
Total other bonds payable	4,178,280	872,970	971,615	4,079,635	94,350	
Less/add unamortized amounts:						
Discounts*	(15,476)	--	(513)	(14,963)	(484)	
Premiums*	255,587	265,221	85,723	435,085	35,849	
Refunding costs*	(32,494)	(139,547)	(13,122)	(158,919)	(13,427)	
Net Unamortized Amounts*	207,617	125,674	72,088	261,203	21,938	
Total bonded debt*	6,945,497	2,010,134	1,852,993	7,102,638	306,513	
Other liabilities:						
Compensated absences	213,900	77,794	89,722	201,972	22,050	
Capital lease obligations	2,906	--	1,565	1,341	927	
Claims and litigation payable	1,988,995	318,176	375,927	1,931,244	382,541	
Notes payable	441	215	221	435	230	
OPEB payable	1,964,730	348,259	174,317	2,138,672	--	
Pollution remediation liabilities*	32,455	58,866	11,287	80,034	57,744	
Derivative instruments*	64,490	93,217	29,657	128,050	--	
Derivative instrument - borrowing payable	--	72,504	--	72,504	--	
Other long-term obligations	65,795	7,872	98	73,569	4,669	
Total other liabilities*	4,333,712	976,903	682,794	4,627,821	468,161	
Total long-term obligations						
Governmental Activities*	\$ 11,279,209	\$ 2,987,037	\$ 2,535,787	\$ 11,730,459	\$ 774,674	

*restated

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Long-Term Obligations	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year	Interest Rates
<u>BUSINESS-TYPE ACTIVITIES:</u>						
Bonds payable:						
Revenue bonds*	\$ 203,372	\$ --	\$ --	\$ 203,372	\$ --	3.50 –4.45%
Deferred discount	(30,049)	--	(1,271)	(28,778)	--	
Total Bonds payable*	<u>173,323</u>	<u>--</u>	<u>(1,271)</u>	<u>174,594</u>	<u>--</u>	
Other liabilities:						
Compensated absences*	2,030	226	337	1,919	257	
Capital lease obligations	58	--	35	23	23	
Notes payable	2,465	--	298	2,167	103	
Claims and litigation payable*	50	--	50	--	--	
OPEB payable*	17,676	2,929	1,131	19,474	--	
Other long-term liabilities	266	11	--	277	277	
Total other liabilities*	<u>22,545</u>	<u>3,166</u>	<u>1,851</u>	<u>23,860</u>	<u>660</u>	
Total long-term obligations*						
Business-Type Activities	<u>\$ 195,868</u>	<u>\$ 3,166</u>	<u>\$ 580</u>	<u>\$ 198,454</u>	<u>\$ 660</u>	
*restated						

COMPONENT UNITS:

Bonds payable:						
Revenue bonds*	\$ 4,430,470	\$ 157,655	\$ 335,702	\$ 4,252,423	\$ 251,187	Variable
Deferred costs and premiums	7,593	(1,081)	9,406	(2,894)	527	
Total bonds payable*	<u>4,438,063</u>	<u>156,574</u>	<u>345,108</u>	<u>4,249,529</u>	<u>251,714</u>	
Other liabilities:						
Compensated absences	219,171	37,111	38,221	218,061	25,073	
Capital lease obligations	60,549	18,318	17,641	61,226	5,890	
Contracts payable	2,056	30,965	535	32,486	13,252	
Notes payable	125,307	19,176	12,895	131,588	18,932	
Claims and litigation payable	143,122	73,316	3,856	212,582	166,694	
OPEB payable	1,190,942	255,379	94,696	1,351,625	--	
Pollution remediation liabilities	403	118	321	200	120	
Derivative Instrument*	45,447	45,648	--	91,095	--	
Other long-term liabilities*	197,860	30,222	117,626	110,456	11,695	
Total other liabilities*	<u>1,984,857</u>	<u>510,253</u>	<u>285,791</u>	<u>2,209,319</u>	<u>241,656</u>	
Total long-term obligations*						
Component units	<u>\$ 6,422,920</u>	<u>\$ 666,827</u>	<u>\$ 630,899</u>	<u>\$ 6,458,848</u>	<u>\$ 493,370</u>	
*restated						

E. DEBT SERVICE REQUIREMENTS AT JUNE 30, 2012

Annual principal and interest payments for bonds and notes (expressed in thousands) are as follows. Interest requirements for variable-rate debt are calculated using the rate in effect at the financial statement date.

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Governmental Activities

Year:	<u>General Obligation Bonds</u>			<u>Other Bonded Debt</u>			<u>Totals</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total</u>
2013	\$ 190,225	\$ 114,031	\$ 304,256	\$ 54,350	\$ 190,750	\$ 245,100	\$ 244,575	\$ 304,781	\$ 549,356
2014	208,270	117,182	325,452	55,175	229,667	284,842	263,445	346,849	610,294
2015	343,350	100,002	443,352	57,610	212,377	269,987	400,960	312,379	713,339
2016	174,960	89,855	264,815	62,050	195,098	257,148	237,010	284,953	521,963
2017	184,305	80,749	265,054	66,910	190,172	257,082	251,215	270,921	522,136
2018-22	840,430	290,079	1,130,509	357,610	900,241	1,257,851	1,198,040	1,190,320	2,388,360
2023-27	587,410	113,331	700,741	387,813	813,251	1,201,064	975,223	926,582	1,901,805
2028-32	232,850	22,877	255,727	552,651	705,675	1,258,326	785,501	728,552	1,514,053
2033-37				615,679	575,257	1,190,936	615,679	575,257	1,190,936
2038-42				1,561,148	286,740	1,847,888	1,561,148	286,740	1,847,888
2043-47				308,639	24,303	332,942	308,639	24,303	332,942
Costs	183,348		183,348	77,855		77,855	261,203		261,203
Total	\$ 2,945,148	\$ 928,106	\$ 3,873,254	\$ 4,157,490	\$ 4,323,531	\$ 8,481,021	\$ 7,102,638	\$ 5,251,637	\$ 12,354,275

Business-Type Activities

Component Units

Year:	<u>Revenue Bonds</u>				<u>Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	--	\$ 3,326	\$ 3,326	\$	251,187	\$ 179,712	\$ 430,899
2014	1,605	6,764	8,369		263,663	169,991	433,654
2015	225	6,733	6,958		271,588	159,376	430,964
2016	575	6,731	7,306		284,145	148,427	432,572
2017	940	6,706	7,646		297,476	135,907	433,383
2018-22	19,985	32,405	52,390		1,153,003	499,538	1,652,541
2023-27	49,870	26,699	76,569		815,679	289,209	1,104,888
2028-32	64,540	21,389	85,929		429,940	139,830	569,770
2033-37	35,774	10,745	46,519		373,380	62,841	436,221
2038-42	29,858	3,735	33,593		112,362	10,742	123,104
2043-47	--	--	--		--	--	--
Costs	(28,778)		(28,778)		(2,894)	--	(2,894)
Total	\$ 174,594	\$ 125,233	\$ 299,827	\$	4,249,529	\$ 1,795,573	\$ 6,045,102

Governmental Activities

Business-Type Activities

Component Units

Year:	<u>Notes Payable</u>				<u>Notes Payable</u>				<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 230	\$ 2	\$ 232	\$	103	\$ 121	\$ 224	\$	18,932	\$ 5,320	\$ 24,252
2014	151	--	151		109	115	224		14,061	2,539	16,600
2015	54	--	54		115	108	223		10,983	2,852	13,835
2016	--	--	--		1,088	76	1,164		9,917	2,016	11,933
2017	--	--	--		54	35	89		6,603	1,899	8,502
2018-22	--	--	--		315	133	448		25,892	6,095	31,987
2023-27	--	--	--		383	47	430		26,520	2,684	29,204
2028-32	--	--	--		--	--	--		9,108	731	9,839
2033-37	--	--	--		--	--	--		9,572	265	9,837
2038-42	--	--	--		--	--	--		--	--	--
2043-47	--	--	--		--	--	--		--	--	--
Total	\$ 435	\$ 2	\$ 437	\$	2,167	\$ 635	\$ 2,802	\$	131,588	\$ 24,401	\$ 155,989

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F. DEFEASED BONDS

The following table enumerates the principal balances of previously outstanding bonds considered defeased at June 30, 2012 (expressed in thousands). The defeased bonds are not included in the accompanying financial statements.

<u>Bond Series</u>	<u>Date Defeased</u>	<u>Maturity Date</u>	<u>Amount Defeased</u>	<u>Outstanding at June 30, 2012</u>
Primary Government:				
2002-A	1/05	04/12	92,970 \$	-0-
2003-A	1/05	05/13	39,915	39,915
2004-A	1/05	10/14	45,240	45,240
1998-A	11/09	Various	124,505	29,810
2002-A	10/10	04/12	60,395	-0-
2003-A	10/10	05/13	132,460	132,460
2004-A	10/10	10/14	91,075	91,075
2004-A	6/12	10/14	176,085	176,085
2006-C	6/12	05/16	270,020	270,020
2006-B	6/12	07/16	120,215	120,215
TIMED: 2005A	5/12	05/15	511,210	511,210
2006A	5/12	05/16	76,560	76,560
Component Units:				
GNOEC: 1986	11/92	Various	54,920	44,005

G. REFUNDING OF BONDS

General Obligation Refunding Bonds

On March 8, 2012, the State issued \$ 43,825,000 of General Obligation Refunding Bonds, Series 2012-B, with coupon interest rates ranging from 4.0% to 5.0%, to current refund the balance outstanding of \$47,765,000 in General Obligation Bonds, Series 2001-A, bearing coupon interest rates of 4.625% to 5.50%. Refunding proceeds of \$47,789,250 included bond proceeds at the par amount of \$43,825,000 and a premium of \$3,964,250. A portion of the proceeds were issued to purchase United States Treasury Securities-State and Local Government Series which will be placed in an irrevocable trust with an initial cash deposit to be used solely to current refund the outstanding Series 2001-A bonds of \$47,765,000 on April 9, 2012. Also, issuance costs of \$21,483 were funded from the proceeds and \$2,767 was deposited into BSRF and will be used as debt service for General Obligation Bonds, Series 2005-A. As a result, the liability for Series 2001-A has been removed from the governmental activities column of the Statement of Net Assets. The State current refunded the bonds to reduce its total gross debt service payments through May 15, 2015 by \$5,232,694 and to obtain an economic gain of \$5,191,316.

On June 27, 2012, the State issued \$423,090,000 of General Obligation Refunding Bonds, Series 2012-C with coupon interest rates ranging from 3.0% - 5.0%. Also, on the same day, the State issued \$144,575,000 General Obligation Taxable Refunding Bonds, Series 2012-D, with coupon interest rates ranging from 1.304% to 2.269%. These bonds were to advance refund the balance outstanding of \$176,085,000 in General Obligation Bonds Series 2004-A, bearing coupon interest rates of 4.50% to 4.75%; \$120,215,000 in General Obligation Bonds Series 2006-B, bearing coupon interest rates of 4.6% to 5.000%; and \$270,020,000 in General Obligation Bonds Series

2006-C, bearing coupon interest rates of 4.25% to 5.00%. Refunding proceeds of \$655,570,236 included bond proceeds at the par amount of \$567,665,000 and a premium of \$87,905,236. A portion of the proceeds were issued to a) purchase \$653,760,635 of United States Treasury Bills, United States Treasury Notes, United States Treasury STRIPS, Resolution Funding Corporation Securities Interest STRIPS and United States Agency for International Development—State of Israel Bonds which was placed in an irrevocable trust to be used solely to advance refund in full the outstanding Series 2004-A bonds of \$176,085,000 on October 15, 2014; Series 2006-B bonds of \$120,215,000 on July 15, 2016; and Series 2006-C of \$270,020,000 on May 1, 2016; b) pay issuance costs of \$384,666, and underwriter's discount \$1,419,273, and fund a contingency reserve of \$5,661. As a result, the liability for the refunded Series 2004- A, 2006-B and 2006-C bonds has been removed from the governmental activities column of the Statement of Net Assets. The State advance refunded the bonds to reduce its total gross debt service payments through June 30, 2027 by \$38,860,131 and to obtain an economic gain of \$29,855,371.

Gasoline and Fuels Tax Revenue Refunding Bonds

On May 24, 2012, the State issued \$803,080,000 of Gasoline and Fuels Tax Revenue Refunding Bonds, 2012 Series A-1, with coupon interest rates ranging from 2.5 % to 5.0%, to current or advance refund the balance outstanding of \$221,910,000 in Gasoline and Fuels Tax Revenue Bonds Series 2002A, bearing coupon interest rates ranging from 3.875% to 5.375%; \$511,210,000 in Gasoline and Fuels Tax Revenue Bonds Series 2005A, bearing coupon interest rates ranging from 3.8% to 5.25%; and \$76,560,000 in Gasoline and Fuels Tax Revenue Bonds Series 2006A, bearing coupon interest rates ranging from 4.00% to 5.0%. Refunding proceeds of

\$902,716,555 include bond proceeds at the par amount of \$803,080,000, a premium of \$91,565,776, and a transfer from 2002A, 2005A, and 2006A Debt Service Fund of \$8,070,779. Proceeds were used to a) purchase \$672,811,815 in United States Treasury Securities-State and Local Government Services, which were placed in an irrevocable trust together with an initial cash deposit of \$227,527,452 to be used solely to current refund Series 2002A bonds of \$221,910,000 on June 1, 2012; advance refund in full the outstanding Series 2005A bonds of \$511,210,000 with payments beginning May 1, 2015; and advance refund in full the outstanding Series 2006A bonds of \$76,560,000 with payments beginning on May 1, 2016 and b) pay issuance costs of \$535,909 and underwriter's discount of \$1,841,379. As a result, the liability for the refunded Series 2002A bonds has been removed from the governmental activities column of the Statement of Net Assets. The State refunded the bonds to reduce its total gross debt service payments over the next 23 years by \$100,668,917 and to obtain an economic gain of \$71,211,593.

Office Facilities Corporation Refunding Bonds

On April 4, 2012, Office Facilities Corporation issued \$69,890,000 of Lease Revenue Refunding Bonds (Louisiana State Capitol Complex Program), Series 2012, with coupon interest rates ranging from 4.0% to 5.0% to advance refund the balance outstanding of \$75,380,000 of the Corporation's Lease Revenue and Refunding Bonds Series 2003, bearing coupon interest rates ranging from 4.0% to 5.25%. Refunding proceeds of \$83,157,055 include bond proceeds at the par amount of \$69,890,000, a premium of \$11,375,938, and a transfer from the 2003 Debt Service Fund of \$1,891,118. A portion of the proceeds were issued to purchase United States Treasury Securities-State and Local Government Series which was placed in an irrevocable trust together with an initial cash deposit to be used solely to advance refund in full the outstanding Series 2003 bonds of \$75,380,000 on November 1, 2013. Also, issuance costs of \$544,104 and a contingency amount of \$1,820 were funded from the proceeds. As a result, the liability for the refunded Series 2003 bonds has been removed from the governmental activities column of the Statement of Net Assets. The Series 2003 Bonds maturing November 1, 2012, and November 1, 2013, in the aggregate principal amount of \$11,040,000, are not being refunded with proceeds of the Series 2012 Bonds and will remain outstanding. The State advance refunded the bonds to reduce its total gross debt service payments through November 1, 2023 by \$6,352,240 and to obtain an economic gain of \$7,500,009.

H. CONDUIT DEBT

Revenue bonds were issued by the Louisiana Agricultural Finance Authority (LAFA), a component unit, which constituted conduit debt outstanding at year-end totaling \$86,043,393 which is currently in default. The authority and the State have no responsibility for the repayment of

this debt, and it is not reflected in the accompanying financial statements.

Revenue bonds were issued by the Louisiana Public Facilities Authority (LPFA), a component unit, which constituted conduit debt outstanding at year-end totaling \$5,561,656,812. The authority and the State have no responsibility for the repayment of this debt, and it is not reflected in the accompanying financial statements.

I. OTHER GENERAL LONG-TERM OBLIGATIONS

The liability for compensated absences is described in detail in Note 1, Section C; the liability for capital leases is described in more detail in Note 7, Section C; the liability for claims and litigation is described in more detail in Notes 9, Section B; the liability for OPEB is described in more detail in Note 6A; and the liability for pollution remediation is described in more detail in Note 9, Section F.

J. PLEDGED REVENUES

Governmental Activities

Vehicular License Taxes

Mississippi River Bridge Authority issued its bridge revenue refunding bonds in 2002 for the Crescent City Connection Project in the amount of \$19,900,000 to refund all or a portion of the outstanding 1992 bonds and fund the costs of issuance. The bonds are payable from and secured by a pledge of Highway Fund No. 2 monies (comprised of the annual vehicular license taxes collected in six parishes), income earned from investment and any other monies accruing to the Authority. The Authority has obligated the Highway Fund No. 2 monies to cover the principal and interest requirements until the bonds are fully paid in 2012. The Authority earned \$6,694,898 of Highway Fund No. 2 revenue as of June 30, 2012, and paid principal and interest of \$2,215,000 and \$157,922, respectively, on the bonds. The outstanding bond principal and interest is \$2,325,000 and \$51,856, respectively.

Contract Parking Agreement – Tulane University

Health Education Authority of Louisiana (HEAL) is a body corporate created to operate a multi-institutional facility that included public and private institutions dedicated to health related services (the Medical Complex). HEAL issued taxable revenue bonds of \$9,350,000 in December 1998 to finance the acquisition, construction and installation of an additional 516 parking spaces to an existing multilevel parking garage and build a skywalk to another facility. The garage was for Tulane Medical Center employees and students, visitors to the Medical Complex and the public. The bonds are payable solely from the income and revenues derived by the Authority from the parking garage, including payments received from Tulane University pursuant to a contract parking agreement and lease agreement through 2031. The Authority has agreed

State of Louisiana

to pay the principal and interest requirements as they become due and payable until the bonds are fully paid in 2031. The total principal and interest remaining on the bonds is \$6,940,000 and \$5,320,025, respectively. The principal and interest paid for the current year was \$185,000 and \$459,405.

Office of Motor Vehicle Handling Fees

Louisiana Public Facilities Authority (LPFA) issued revenue bonds to the Department of Public Safety and Corrections, an agency of the State, in 1999 and in 2001 to enable the department to acquire, construct, and equip a new Department of Public Safety Services complex and a new Joint Emergency Services Training Center complex. LPFA issued refunding bonds of \$62,895,000 in October 2007 to advance refund the 1999 and 2001 outstanding revenue bonds. The 2007 bonds are secured by an irrevocable pledge and dedication of the handling fees collected by the Office of Motor Vehicles; \$16,589,041 of handling fees were collected during fiscal year ended June 30, 2012. This revenue will remain pledged until the bonds and the loan agreement have been fully paid and discharged in 2022. The total principal and interest remaining on the bonds is \$48,295,000 and \$11,592,125. The principal and interest paid for the current year was \$4,265,000 and \$2,521,375, respectively.

Fire Insurance Premiums

LPFA issued revenue bonds of \$5,255,000 in 2002 for the Department of Public Safety and Corrections, an agency of the State, to provide funds to relocate, plan, acquire, construct, and equip the Department of Public Safety Fire Marshal's Headquarters. The Department agrees to make all bond-related payments due subject to annual appropriation by the Legislature from the Louisiana Fire Marshal Fund. In addition, the appropriated funds may be utilized first to satisfy payroll obligations prior to making the debt service payments. Failure by the Legislature to appropriate sufficient funds to satisfy the obligation of the Department under the funding agreement will not constitute an event of default, and the funding agreement will continue in full force and effect as if the appropriation had been made. The bonds are payable through 2014. Louisiana Fire Marshal Fund revenues are comprised of an annual tax levied on the gross annual premium receipts from any business that insures property in Louisiana against loss or damage by fire and any monies collected from the imposition of fees on sprinkler systems. In fiscal year ended June 30, 2012, the legislature appropriated \$12,393,368 to the Department from the Fire Marshal Fund. Total principal and interest remaining on the bonds is \$1,215,000 and \$108,100, respectively. The principal and interest paid for the current year was \$560,000 and \$104,281.

Tobacco Settlement Revenues

Tobacco Settlement Financing Corporation, a special purpose public corporate entity and an instrumentality independent of the State, issued \$1,202,770,000 of tobacco settlement asset-backed bonds in 2001. The revenue bonds were issued to finance the Corporation's purchase of the pledged tobacco settlement revenues (TSRs). The pledged TSRs consist of 60% of all amounts required to be paid to the State after the issuance of the Series 2001 Bonds. Participating cigarette manufacturers (PMs) entered into a Master Settlement Agreement (MSA) with 46 states and six other U.S. jurisdictions in 1998. The MSA requires the PMs to make certain initial, annual and strategic contribution payments to each entity included in the MSA. The Corporation's claim to pledged TSRs is on parity with the State's claim of the remaining 40% of all amounts payable to the State. The Bonds are secured by and payable from (i) the pledged TSRs and all investment earnings on the amounts on deposit in certain collection accounts, (ii) amounts held in a liquidity reserve account, and (iii) all amounts, if any, on deposit in other accounts established. The Corporation received pledged revenues of \$90,386,853 for fiscal year 2012. The bonds, payable through 2039, have total principal and interest outstanding of \$823,100,000 and \$1,225,926,732, respectively. The principal and interest paid for the current year was \$39,835,000 and \$50,046,694.

Gasoline and Motor Fuels Taxes and Special Fuels Taxes

Louisiana State Bond Commission on behalf of the State issued gasoline and fuels tax revenue bonds in 2002, 2005, 2006, 2009, and 2010. In May 2012, the Commission issued Gasoline and Fuels Tax Revenue Refunding Bonds Series 2012A-1 (maturing in 2035) in the amount of \$803,080,000 for the purpose of refunding portions of the 2002A, 2005A, and 2006A bonds. The total remaining debt secured for gasoline and fuels tax revenue bonds at June 30, 2011, amounted to \$2,740,060,000. As of June 30, 2012, the Series 2002A was paid out; the remaining bonds mature in 2035, 2041, 2043, and 2045 respectively. Bond proceeds are to be used for financing the construction of highway and bridge projects. The bonded debt is payable solely from and secured by a pledge of gasoline and fuel taxes, including investment income earned on the gasoline and fuel taxes on deposit in the Transportation Trust Fund, the Transportation Infrastructure Model for Economic Development, and all funds and accounts created under the bond resolutions. Revenues available in fiscal year 2012 for funding debt service due were \$604,863,132. The total principal and interest remaining on the bonds is \$2,725,190,000 and \$2,948,895,413, respectively. Principal and interest paid for the current year was \$817,950,000 and \$118,569,150; current year principal payments include \$809,680,000 in proceeds from the refunding bonds.

Business-Type Activities

Highway 1 Tolls

Louisiana Transportation Authority, a public corporation within the Department of Transportation and Development (DOTD), issued toll revenue bonds of \$195,800,000 in 2005 to finance a highway project in the lower portion of Lafourche Parish. In August 2009, LTA issued Series 2005 TIFIA Bonds to refinance the Series 2005 Subordinate Lien BANS in the amount of \$66,000,000. These bonds are payable solely from a second lien on the pledge of toll revenues. The project will create elevated highways that run parallel to Highway 1, with a bridge over Bayou Lafourche. The bonds are secured by a pledge of toll revenues on the southbound lane of the new highway from Leesville to Port Fourchon and are payable through 2040. The Authority has committed the toll revenues to cover the principal and interest requirements until the bonds are fully paid and discharged. Toll revenues collected in fiscal year 2012 totaled \$3,147,454. The total principal and interest remaining on the bonds is \$203,371,466 and \$125,232,790, respectively. The interest paid for the current year was \$7,646,875, with no principal payment due.

Component Units

Bridge Toll and Vehicular License Taxes

Greater New Orleans Expressway Commission (GNOEC) issued improvement bonds in 1999 and issued revenue bonds refunding the 1992 series bonds in 2003. In 2009, GNOEC issued revenue bonds refunding the 1999A series bonds. The total bonds issued of \$77,505,000 were used to finance safety and capacity improvements for the Causeway Bridge and its approach roads. The bonds are payable solely from a pledge of tolls and other revenues derived from the ownership or operation of the Expressway, as supplemented by funds dedicated from the collection of vehicular license taxes (Highway Fund No. 2). The Commission has committed the tolls and vehicular license taxes to cover the principal and interest requirements until the bonds are fully paid and discharged in 2034. In fiscal year ended October 31, 2011, the Commission recognized revenue of \$21,214,389 from tolls and Highway No. 2 vehicular taxes. Total principal and interest remaining on the bonds at October 31, 2011, is \$53,320,000 and \$32,350,685, respectively. The principal and interest paid for that fiscal year was \$2,200,000 and \$2,456,439.

Syrup Mill and Slot Machine Revenues

Louisiana Agricultural Finance Authority issued revenue bonds in 2004 in the amount of \$45,000,000 to acquire, construct and equip a syrup mill and other facilities related to the use of sugar cane in Lacassine, Louisiana. The bonds are secured by the pledge of net revenues from the operation of the mill and the avails of net slot machine proceeds as described in Louisiana Revised Statute

27:392(B)(4). The statute provides \$12 million annually to the Authority to fund or secure revenue bonds for agricultural, agronomic, horticultural, etc. and other economic development programs. The Authority is obligated to cover the principal and interest requirements each year until the bonds are fully paid and discharged in 2015. The total principal and interest remaining on the bonds is \$16,165,000 and \$667,285, respectively. Principal and interest paid for the current year was \$6,975,000 and \$612,519, respectively.

Fertilizer, Feed, and Pesticide Fees

Louisiana Agricultural Finance Authority issued revenue bonds in 2006 in the amount of \$9,608,438 to refund series 1998 bonds and acquire, construct and install facilities for the Department of Agriculture pursuant to a lease agreement. The bonds are secured and payable solely from and by a pledge of income and revenues from the sale of fertilizers, commercial feed and pesticides and are payable through 2013. The Department has committed to pay amounts sufficient to cover the principal and interest on the bonds for the duration of the debt. Total fertilizer, feed, and pesticide fees for the current fiscal year are \$7,299,375. The total principal and interest remaining on the bonds is \$1,921,688 and \$25,202. The principal and interest paid for the current year was \$1,921,688 and \$50,406, respectively.

Lease Agreement

Louisiana Agricultural Finance Authority issued revenue bonds of \$37,000,000 in 2007 to (i) renovate an office building, (ii) purchase new trucks, bulldozers, and other equipment for firefighting and other agricultural purposes, (iii) acquire, construct, and equip buildings and related facilities, and (iv) acquire emergency generators for the Department of Agriculture and Forestry. The bonds are secured solely from income and revenues, and receipts derived or to be derived from payments made or collections obtained in a lease agreement and are payable through 2027. The lease requires the Department to pay from legally available funds, subject to annual appropriation by the Louisiana Legislature, all the amounts necessary to pay the annual debt service and administrative expenses. The total principal and interest remaining on the bonds is \$35,500,000 and \$8,357,175. The principal and interest paid for the current year was \$300,000 and \$1,844,460.

Hotel Occupancy Tax

Louisiana Stadium and Exposition District issued revenue bonds for \$294,325,000 in 2006 to refund all or a portion of prior debt, to pay operational expenses of the District, and to finance the cost of the new construction projects in or around New Orleans, such as the betterments at the Superdome, the baseball stadium, the basketball facility, the football training facility, and the multipurpose facility. The bonds are secured by a pledge of all revenues of the District that are not previously dedicated for another use;

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however, the hotel occupancy tax revenues in the parishes of Orleans and Jefferson are expected to be the primary source of funding. The District has committed all revenues, especially the hotel occupancy tax, to cover principal and interest requirements until the bonds are fully paid and discharged in 2037. Pledged revenues for fiscal year ended June 30, 2012, totaled \$100,830,947. Total principal and interest remaining on the bonds is \$294,325,000 and \$275,364,571, respectively. Interest paid for the current year was \$19,681,421, with no principal payment due.

Commodities and Utilities

Sabine River Authority issued refunding bonds for \$5,765,000 in 2003 to defease the Series 1999 bonds. The Authority issued 2003 taxable revenue bonds for \$2,825,000 to replace two hydroelectric generating units at Toledo Bend and to pay a portion of the cost of redeeming outstanding Series 1964 general obligation bonds. In 2008, the Authority issued refunding bonds in the amount of \$1,620,000 for the 2003 taxable revenue bonds. The bonds are secured by a pledge of (i) the net compensation, revenues, and receipts derived from all commodities sold and rendered by Sabine River Authority (except for revenues derived from the sale of water from the Sabine River Diversion Canal); (ii) all net revenues derived or to be derived from leases or operating agreements; and (iii) all net revenues derived from the sale of electric power and energy. The Authority has dedicated an amount sufficient for the payment of the bonds to cover the principal and interest requirements as they become due and payable until the bonds are fully paid and discharged

in 2014. Revenues available for debt service coverage during the current fiscal year were approximately \$4,154,709. The total principal and interest remaining on the bonds is \$1,935,000 and \$115,515, respectively. The principal and interest paid for the current year was \$900,000 and \$119,832, respectively.

Water System Revenues - Industrial Customers

Sabine River Authority issued \$10,000,000 in revenue bonds in 2011 to finance (i) certain repairs and improvements to the Sabine River Diversion System and of equipment utilized in connection therewith, (ii) fund a reserve fund, if necessary, and (iii) pay costs incurred with respect to the issuance of the Bonds, including the payment of a premium for a bond insurance policy, if any. The bonds are secured by the Authority from contracts with Authority's industrial customers served by Sabine River Diversion System for the sale of water from the System and, as additional security for the bonds, from net revenues as a subordinate pledge, as stated in Commodities and Utilities section. The Authority has dedicated an amount sufficient for the payment of the bonds to cover the principal and interest requirements as they become due and payable until the bonds are fully paid and discharged in 2022. Revenues available for the debt service coverage during the current fiscal year were approximately \$4,000,000. The total principal and interest remaining on the bonds is \$10,000,000 and \$1,595,008, respectively. The interest paid for the current year was \$216,073, with no principal payment due.

NOTE 9: CONTINGENCIES

A. CLAIMS AND LIABILITIES HANDLED BY THE OFFICE OF RISK MANAGEMENT

Pursuant to Act 448 of the 1988 Regular Session of the Louisiana Legislature, LRS 39:1533 was re-enacted to reactivate the "Self-Insurance Fund" within the Department of the Treasury. The Self-Insurance Fund consists of all premiums paid by State agencies under the State's risk management program, the investment earnings thereon, and commissions retained. The Self-Insurance Fund may only be used for the payment of losses incurred by state agencies under the self-insurance program together with insurance premiums, legal expenses, and administrative costs. The Office of Risk Management (ORM) is responsible for the State's risk management program and that office now has the duty to negotiate, compromise, and settle all claims, including all tort claims against the State or State agencies covered by the Self-Insurance Fund, and all tort claims against the State or State agencies not covered by the Self-Insurance Fund when funding is provided by the legislature through the State General Fund.

For fiscal year 2011-2012, the Self-Insurance Fund paid \$129,272,656 to satisfy claims and judgments. At June 30, 2012, outstanding non-discounted reserve valuations of the open claims within the programs totaled \$922,706,808. At June 30, 2012, ORM cash balances included \$48,472,331 in the Self-Insurance Fund and \$10,022,013 in the Future Medical Care Fund. ORM advises that the non-discounted liability reserve valuation for the claims in litigation against state agencies being handled by that office is valued at \$191,477,826 at June 30, 2012.

B. CLAIMS AND LIABILITIES HANDLED OUTSIDE OF THE OFFICE OF RISK MANAGEMENT

The estimated probable future liability including incremental costs resulting from litigation, contract claims, and judgments against the State that is not being handled by the Office of Risk Management, not including contract claims reported by the Department of Transportation and Development ("DOTD"), is approximately \$313,726,000 (accrued in the accompanying financial statements). In addition, as of June 30, 2012, there are claims against the State, not including contract claims reported by DOTD, totaling \$9,613,135 for which it is reasonably possible that the State will incur liability. Nonincremental claims adjustment expenses have not been included as part of the liability for claims and judgments.

In September of 1993, the Louisiana Supreme Court invalidated, on constitutional grounds, LRS 13:5106, limiting the State's liability for general damages to a maximum of \$500,000. In January of 1994, following the

same reasoning, the Supreme Court invalidated LRS 13:5112(C), limiting the State's liability for pre-judgment interest to 6%. Subsequently, the voters approved a constitutional amendment curing the defect found by the Supreme Court in the two cases. This amendment, along with the re-enactment of the two cited statutes, as well as several other statutes intended to protect the State in tort claims, became effective in November of 1995. The State's efforts to have the amendment and the legislation made applicable to then pending claims to limit recovery in accordance with the statutes were unsuccessful. Consequently, any case pending in September of 1993 will have no upper limit on general damages, any case pending in January of 1994 will not be subject to 6% interest pre-judgment, and any claim arising as late as November 24, 1995, will not be limited by either statute. The financial impact of this court-imposed hiatus has been significant but is declining as cases are resolved. The State's Medical Malpractice Statute (LRS 40:1299.39) was not impacted by the Supreme Court's decision vis a vis LRS 13:5106.

In February of 2004, the Louisiana Supreme Court held that the parents who brought a wrongful death action against the State of Louisiana were each entitled to the statutory cap of \$500,000 for wrongful death actions. Previously, it was the belief that the limit was \$500,000 per death victim. This could impose an adverse impact upon the State's liability for tort compensation. Act No. 1 of the 2005 Regular Legislative Session was enacted in response to the Louisiana Supreme Court's erroneous interpretation of the statutory cap found under LRS 13:5106 in Lockett v. the State of Louisiana, Department of Transportation and Development, 2003 – 1767 (La 2/25/04), 869 So.2d 87. The provisions of Act No. 1 are intended to explain the original intent of the legislature, notwithstanding the contrary interpretation by the Louisiana Supreme Court in Lockett, but shall be applied prospectively only from its effective date of May 27, 2005.

Act 3 of the First Extraordinary Session of the Legislature of 1996 amended Article 2323 of the Louisiana Civil Code to require trial quantification of the degree of liability of known non-parties, unknown persons not made a party, and statutorily immune parties such as the employer of a plaintiff suing a third party tortfeasor. The same act also amended Article 2324 of the Civil Code to provide that a negligent defendant would pay compensation calculated solely on the degree of his liability under comparative fault, regardless of the ability of co-defendants to pay their respective shares. The Louisiana Supreme Court declared that the provisions of Act 3 were remedial in nature and, therefore, retroactive in application to pending cases. This ruling will result in some reduction of the ultimate liability of the State in pending and future cases.

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In June of 2001, the Louisiana Supreme Court, in the Pope decision, held that the administrative remedy procedure for inmates in the custody of the Department of Corrections was unconstitutional. Under the procedure, inmate complaints that reached the state court system did so as judicial review of agency decisions. Many of those complaints will now be lawsuits rather than administrative matters. The financial impact of this decision has been significant, both in the expense of defending these cases and in the potential judgments, but has declined as cases were resolved.

In the First Extraordinary Session of 2002, the Legislature passed Act 89 to address the impact of the Supreme Court's inmate administrative remedy decision. The legislation was signed into law on April 19, 2002, and affects suits filed thereafter. The Act may significantly limit litigation costs and the tort exposure of the State in inmate claims going forward from enactment; however, it does not significantly limit the hundreds of suits filed before enactment. Again, the expense of defense and potential judgments is declining as cases are resolved. The Louisiana Supreme Court has held in Cheron v. LCS Corrections Services that exhaustion of inmate claims is not required during the time period from the Pope decision, in June of 2001, until the passage of Act 89 in April of 2002. The Constitutionality of Act 89 was upheld in the 1st and 2nd Circuit Courts of Appeal.

From the beginning of fiscal year 2002-2003 to the present, the State's self-insurance fund has not been available as a source of funds to settle tort claims involving road defect allegations nor to pay final judgments in such matters. As a result, settlements and judgments in such road hazard tort claims have been and will continue to be funded and paid only through individual legislative appropriation. Since fiscal year 2002 the sum appropriated for such matters totaled approximately \$186,053,566. Of that amount, \$16,941,060 was appropriated in fiscal year 2011-2012.

While not included in the dollar values set forth above, it should be noted that suits have been filed challenging the constitutionality of various provisions of state law, including the seizure of property, environmental cleanup, private railroad crossings, closure of state facilities, retirement and employment provisions, insurance claims, executory process and liability for termination of pregnancy. While these cases do not seek recovery for damages, rulings adverse to the state could result in liability for the plaintiffs' attorneys' fees.

Teacher positions in Orleans Parish were eliminated after Hurricane Katrina due to a reduction in school enrollment and budget cuts. A class action lawsuit, *Eddy Oliver, et. al. v. Orleans Parish School Board, et. al.* was filed by the teachers in Orleans Parish. The teachers claim that they

were wrongfully terminated. On June 20, 2012, a judgment was rendered in favor of seven named plaintiffs in the amount of \$1,362,632 (accrued in the accompanying financial statements). The judgment also included a finding of liability in favor of the entire class, which includes approximately 7500 members. No damages have been awarded to the other, non-named, class members, nor has a claims process been established. The amount due to the remaining class members cannot be reasonably estimated at this time. The case is currently on suspensive appeal before the Louisiana Fourth Circuit Court of Appeals and will proceed to the Louisiana Supreme Court. The appellate process was not complete prior to the end of fiscal year 2011-12 and it is unlikely the appellate process will be resolved prior to the end of fiscal year 2012-13. If so, and in the event plaintiffs prevail, it is highly unlikely the claims process will be complete and damages will be awarded to the remaining class members by the end of fiscal year 2012-13. If the State entities are successful in having the judgment reversed in whole or in part on appeal, there may be no liability.

As of June 30, 2012, the Department of Transportation and Development (DOTD) advises that there are 797 expropriation cases pending with a total estimated exposure of \$87,725,668. As payment of its estimate of just compensation upon filing of these suits, DOTD deposited \$39,297,301 into the registry of the court. A reasonable possibility exists that DOTD will incur expropriation-related costs of \$47,076,755 in excess of the just compensation on deposit with the courts. As of June 30, 2012, there were 44 outstanding inverse condemnation suits with an estimated demand of \$11,381,823. DOTD has determined that it is reasonably possible that the actual settlements will total approximately \$11,063,694. Expropriation suits filed by levee boards and other expropriating entities, other than DOTD, have not been included in the above liability of pending expropriation suits, because the State does not appropriate amounts for other expropriating entities. Estimated exposure amounts for contract and miscellaneous suits may require additional appropriations from the State. DOTD's estimate of the exposure of this amount is \$300,000.

As of June 30, 2012, the State is not aware of any pending suits concerning the ability of the State to issue bonds or other evidences of indebtedness.

The Department of Revenue (DOR) has advised that the total amount of pending litigation affecting the DOR's right to tax, where there is a probable likelihood that an asset has been impaired or a liability has been incurred as of fiscal year ended June 30, 2012, is \$32,210,928 (accrued in the accompanying financial statements). The DOR has also advised that the total dollar amount of pending litigation affecting the DOR's right to tax, where it is reasonably possible that an asset has been impaired or a

liability has been incurred as of fiscal year ended June 30, 2012, is \$137,852,456. These estimates include a large number of refund claims that were filed as a result of the enactment of Act 6 of the First Extraordinary Session of the Louisiana Legislature of 2001. This legislation amended LRS 47:1621 and expanded the conditions under which the DOR is now authorized to make tax refunds.

The Injured Worker Reemployment Program encourages employers to hire physically handicapped employees who have a permanent partial disability, by reimbursing the employer or, if insured, his or her insurance carrier for part of the workers' compensation costs for on-the-job injuries. The estimated total future payments to be made for claims outstanding at June 30, 2012, were \$208,359,313, which is included in the accompanying financial statements. Funds to make these payments will come from an annual assessment made against all insurance companies writing workers' compensation insurance in the State and all employers that are self-insured.

Discrete Component Units

The future liability for disallowed costs, existing claims, and contracts against the discrete component units of the State is approximately \$212,582,090, which is accrued in the accompanying financial statements. Also, as of June 30, 2012, there are existing claims and contracts totaling \$27,838,834 against discrete component units of the State where there is a reasonable possibility that the entities will incur liability. These probable and reasonably possible liabilities include claims and contract cases against Louisiana Citizens Property Insurance Corporation - \$184,283,000; Pontchartrain Levee District - \$25,000,000; Southeast Louisiana Flood Protection Authority-East - \$22,596,000; Greater Baton Rouge Port Commission - \$2,500,000; Fifth Louisiana Levee District - \$1,351,363; Louisiana Agricultural Finance Agency - \$1,280,000; Louisiana Housing Corporation - \$1,000,000; and other component units - \$2,410,561.

C. DISALLOWANCES

A significant amount of federal grant dollars is received by the State subject to financial and compliance audits mandated by the grantors. Questioned costs resulting from these audits may be disallowed by the Federal grantor and may become a liability of the State. Liabilities from disallowances and settlement agreements with the federal government are estimated to be \$182,414,990 (accrued in the accompanying financial statements). In addition, as of June 30, 2012, there are disallowed costs of \$28,247,715 for which it is reasonably possible that the State will incur liability.

D. LIABILITIES AS A RESULT OF ADMINISTRATIVE RESPONSIBILITY

The State is the recipient of food commodities from the U.S. Department of Agriculture and is responsible for distribution to the entities that will ultimately distribute the food. The value of donated commodities in state storage at June 30, 2012 is \$950,755. At this time, the State anticipates no material losses because of this federal program.

Through the Medicaid and Medicare programs, the Department of Health and Hospitals (DHH) sent \$60,484,727 in vaccines to the state to be used to vaccinate impoverished children. At year end the value of vaccines in inventory was \$2,222,200.

E. UNDERGROUND STORAGE TANKS

The 599 Underground Storage Tanks (UST) sites are remediated under The Resource Conservation and Recovery Act (RCRA) Subtitle I and may be eligible for funding through the state's Motor Fuels Underground Storage Tank Trust Fund or the U.S. EPA's Leaking Underground Storage Tank (LUST) Trust Fund. The Underground Storage Tank Trust Fund is established by statute to collect fees from underground storage tank owners; fund assets are then used to finance remediation and/or removal of leaking storage tanks.

Louisiana spent \$12,406,226 assessing and remediating USTs in fiscal year ending June 30, 2012. The ending liability of \$64,055,560 will be funded by the Motor Fuels Underground Storage Tank Trust Fund.

F. POLLUTION REMEDIATION OBLIGATIONS

Louisiana is involved in various types of pollution and contamination remediation activities across the state. These activities include site assessments, site investigations, clean-up activities, and post-remediation monitoring. Remediation costs are usually funded by the Capital Outlay Escrow Fund through the Office of Facility Planning and Control or through the Department of Environmental Quality, which may obtain federal grants and state General Fund appropriations for such projects.

The current value of a remediation obligation liability is based on assumptions or expectations about future events that affect the measurement of the liability under the expected cash flow technique. However, the expectations are subject to change over time due to changes in technology, changes in applicable federal, state, and local laws or regulations, price increases or decreases, or changes in the remediation plan. In addition, the state seeks insurance recovery or the identification of potentially responsible parties to recover remediation costs. These recoveries may reduce costs of remediation when the recovery becomes recognizable or probable. Under

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specific circumstances, costs of remediation may be capitalized as part of a capital asset.

From May 10, 2010, until November 28, 2012, Louisiana has spent \$20,229,796 for Natural Resources Damage Assessment projects and received reimbursement of \$18,741,177; during that same time period, \$44,446,634 has been spent on Pollution Remediation Funding Authorization projects and \$29,491,130 reimbursed to the state. The state anticipates that it will ultimately be reimbursed for the unreimbursed amounts. Expenditures for projects not related to the Deepwater Horizon event totaled \$3,343,350 for fiscal year 2011-12 and recovery of \$1,262,965 was received from responsible parties. At June 30, 2012, the State had a pollution remediation obligation of \$80,034,649 which includes the ending liability for the BP oil spill discussed below.

On April 20, 2010, the British Petroleum Exploration Inc. (BP) experienced a fire and explosion on their leased Oil Rig in the Gulf of Mexico which was being operated by Transocean Ltd. at the time of the incident. This explosion resulted in an unprecedented spill of oil into the Gulf of Mexico along the Louisiana coast. The State responded to protect its environment by adopting a series of measures that included assessment of the damage, environmental impact, immediate clean up and remediation of the polluted environment, estimation of long term impact on its people and the environment, the cost of the clean up, and determination of the expected recovery from BP. The State's remediation activities have included use of various technologies as well as building of coastal sand berms for removal of the oil spill. At June 30 2012, the state spent \$20,901,194 on remediation activities and received reimbursements for those expenditures. The liability for future remediation of the pollution and the expected recovery cannot be reasonably estimated at this time. Although the full impact of the spill cannot be reasonably estimated, BP has taken responsibility for the cleanup of the spill, and the restoration of the State's environment.

G. COOPERATIVE ENDEAVORS

R.S. 33:9022 defines "cooperative endeavor" as any form of economic development assistance between and among the State, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The State has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the State. The estimated amounts outstanding for governmental units as of June 30, 2012, which are not reflected on the accompanying financial reports, are as follows:

General funds	\$	1,267,700,697
Self-generated funds		240,005,512
Statutorily dedicated funds		417,145,808
General obligation bonds		424,868,266
Federal funds		2,031,179,121
Interagency transfers		4,826,248
Other funds		392,562,624
Total	\$	<u>4,778,288,276</u>

H. ENCUMBRANCES

The State of Louisiana utilizes encumbrance accounting to identify fund obligations. The following encumbrances are included within the restricted, committed and assigned fund balances of the governmental funds for the fiscal year ended June 30, 2012 (in thousands):

		<u>Amount</u>
General Fund	\$	113,508
Nonmajor Governmental Funds		
Total encumbrances	\$	<u>113,508</u>

NOTE 10: FUND BALANCE/NET ASSETS DISCLOSURES

A. CLASSIFICATION OF FUND BALANCES

Classifications of fund balances comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following table enumerates the fund balance classifications (expressed in thousands).

	<u>General Fund</u>	<u>Capital Outlay Escrow Fund</u>	<u>Louisiana Education Quality Trust Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Fund Balances					
Nonspendable:					
Inventory	\$ 70,707	\$ --	\$ --	\$ --	\$ 70,707
Permanent Fund principal	--	--	1,075,786	1,390,421	2,466,207
Restricted for:					
General Government	199,412	--	--	--	199,412
Budget Stabilization	442,934	--	--	--	442,934
Capital Projects	--	31,871	--	--	31,871
Culture, Recreation, and Tourism	816	--	--	1,476	2,292
Debt Service	68,164	--	--	318,439	386,603
Transportation and Development	95,350	--	--	414,141	509,491
Public Safety	1,295	--	--	--	1,295
Health and Welfare	107,830	--	--	19,216	127,046
Corrections	1,218	--	--	--	1,218
Youth Services	632	--	--	--	632
Conservation and Environment	439,853	--	--	17,400	457,253
Education	48,483	--	71,839	58,029	178,351
Committed for:					
General Government	767,961	--	--	47,294	815,255
Capital Projects	--	451,360	--	--	451,360
Culture, Recreation, and Tourism	6,028	--	--	10,193	16,221
Transportation and Development	641	--	--	--	641
Public Safety	87,758	--	--	--	87,758
Health and Welfare	709,416	--	--	--	709,416
Intergovernmental	477	--	--	--	477
Youth Services	4	--	--	--	4
Conservation and Environment	210,594	--	--	--	210,594
Education	26,638	--	--	--	26,638
Assigned for:					
General Government	199,465	--	--	--	199,465
Culture, Recreation, and Tourism	637	--	--	--	637
Transportation and Development	4,679	--	--	--	4,679
Public Safety	5,688	--	--	--	5,688
Health and Welfare	3,105	--	--	--	3,105
Corrections	5,783	--	--	--	5,783
Youth Services	179	--	--	--	179
Education	3,954	--	--	--	3,954
Unassigned	<u>127,508</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>127,508</u>
Total Fund Balance	<u>\$ 3,637,209</u>	<u>\$ 483,231</u>	<u>\$ 1,147,625</u>	<u>\$ 2,276,609</u>	<u>\$ 7,544,674</u>

B. NET ASSETS RESTATEMENT – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table discloses restatements of net assets for governmental activities in the government-wide financial statements (expressed in thousands):

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	<u>Governmental Activities</u>
Net Assets at June 30, 2011	\$ 13,529,529
Prior Period Adjustments	(767,294)
Beginning Net Assets, as restated	<u>\$ 12,762,235</u>

Beginning net assets for governmental activities decreased by (\$767,294) in fiscal year 2012 for various reasons. The largest changes in beginning net assets are changes related to capital assets and include capitalization policy changes, timing differences, inventory discrepancies, and new accounting systems. Other less significant changes reflect a change in the method of accounting and reporting refunding bonds and reversal of prior year off-system accruals

C. FUND BALANCE/NET ASSETS RESTATEMENT – FUND FINANCIAL STATEMENTS

The following table discloses restatements of certain fund balances/net assets by fund type (expressed in thousands):

	<u>General Fund</u>	<u>Major/Nonmajor Governmental Funds</u>	<u>Major/Nonmajor Enterprise Funds</u>	<u>Component Units</u>
Fund Balances/Net Assets at June 30, 2011	\$ 3,935,305	\$ 4,234,121	\$ 2,021,957	\$ 3,292,256
Reclassification of Fund Types		(73,268)	162,300	135,386
Prior period adjustments	\$ 60,905	\$ (9,148)	(8,097)	145,004
Beginning Fund Balances/Net Assets as Restated	<u>\$ 3,996,210</u>	<u>\$ 4,151,705</u>	<u>\$ 2,176,160</u>	<u>\$ 3,572,646</u>

D. ENTITY RECLASSIFICATIONS

(expressed in thousands)

The major/non major governmental funds' fund balance decreased by (\$73,268) when the Education Excellence Fund, a non-major governmental fund, was split and the Education Excellence Local Government Investment Trust Fund, an investment trust, was created to separately account for monies held and invested by the State Treasurer for certain local school boards' allocations from the Tobacco Settlement Agreement. The change in beginning net assets for enterprise funds, \$154,203, is due to the reclassification of the Patient's Compensation Fund to an investment trust fund and to various other prior period adjustments. The name was also changed from Patient's Compensation Fund to Patient's Compensation Board Investment Trust Fund. The \$135,386 adjustment to beginning net assets for discretely presented component units is due primarily to the transfer of the University of New Orleans (UNO) and its foundation from the Louisiana State University System to the University of Louisiana System. UNO's foundation, which did not meet the criteria for reporting as a component unit of the Louisiana State University System, but does meet the reporting criteria within the University of Louisiana System, is shown as an adjustment to beginning fund balance.

E. PRIOR PERIOD ADJUSTMENTS

(expressed in thousands)

The beginning fund balance of the General Fund increased by \$60,905. The increase was due to prior period adjustments relating to the Escrow Fund paragraph 111 cash, the Louisiana Agricultural Finance Authority (a component unit), two special purpose subfunds (the Louisiana Economic Development Fund and the Riverboat Gaming Enforcement Fund), and for various other prior period adjustments.

The beginning fund balance of the major/nonmajor governmental funds decreased by (\$9,148) for a prior period adjustment in the Capital Outlay Escrow Fund which was due to the conversion to the ERP LaGov software at the Department of Transportation and Development. The beginning net assets for component units increased by \$145,004 due to the addition of two foundations to the LSU system presentation.

F. BUDGET STABILIZATION

(expressed in thousands)

Louisiana voters first approved a constitutional amendment in 1990 to formally set aside funds for use when the state's Revenue Estimating Conference (REC) forecasts revenue shortfalls for the subsequent fiscal year or projects a budgetary deficit in the current fiscal year. The funds set aside are deposited into the Budget Stabilization Fund, as authorized by

Louisiana Constitution Article VII, Section 10.3 and Louisiana LRS. 39.94. The fund's activity is accounted for within the General Fund and has a restricted fund balance of \$442,934 at June 30, 2012, in the accompanying financial statements.

Budget Stabilization is funded by the following sources in accordance with the Constitution: (1) all money available for appropriation from the state general fund and dedicated funds in excess of the expenditure limit; (2) all mineral revenues in excess of \$850 million received by the state in each fiscal year; (3) 25% of any money designated in the official forecast as nonrecurring; (4) legislative appropriations to the fund, including any appropriation to the fund from money designated in the official forecast; and (5) the fund's investment earnings realized in each fiscal year. No appropriation or deposit to the fund can be made if the appropriation or deposit would cause the fund cash balance to exceed 4% of total state revenue receipts for the previous fiscal year.

Budget stabilization resources are only available for expenditure under the following circumstances and with the consent of two-thirds of the elected members of each house of the legislature: (1) when the official forecast of recurring money for the next fiscal year is less than the official forecast of recurring money for the current fiscal year, the difference (not to exceed one-third of the fund) can be incorporated into the next year's official forecast or (2) when a deficit for the current fiscal year is projected due to a decrease in the official forecast, an amount equal to one-third of the fund (not to exceed the projected deficit) may be appropriated (expended). However, the Constitution states that the amount of budget stabilization funds included in the official forecast for the next fiscal year plus the amount appropriated in the current fiscal year cannot exceed one-third of the stabilization fund balance at the beginning of the current fiscal year.

NOTE 11: OTHER DISCLOSURES

A. LOUISIANA HOUSING CORPORATION

The Louisiana Housing Corporation, formerly the Louisiana Housing Finance Agency, has single and multifamily mortgage revenue bonds outstanding of \$835,000,000 which are not included in the accompanying financial statements. The obligations of the bond programs are not obligations of the State, and the State is not liable for such obligations. The ability of the programs to meet the debt service requirements on bonds issued to finance mortgage loans is dependent on the ability of the mortgagors in such programs to generate sufficient funds to meet their respective mortgage repayments.

B. OFFICE OF RISK MANAGEMENT

The Office of Risk Management purchases annuities to settle portions of certain claims. Third-party trustees then make payments to the claimants. At June 30, 2012, there were 107 active annuities valued at \$199,732,630. Of the 107 annuities, 83 annuities release the State from further liability on the related claims. The remaining 24 annuities, valued at \$50,042,007, do not contain the wording necessary to release the State from any possible future liability, although the probability of these becoming a liability is remote.

C. RECONCILIATION OF CLAIMS LIABILITY FOR STATE RISK PROGRAMS

In addition to risks related to the Office of Risk Management, the State is exposed to various risks of the self-insured and self-funded State Employees' Group Benefits Program, which provides health and life insurance

benefits to active and retired employees. Beginning in 1989, the State stopped carrying commercial insurance because of the prohibitive cost and began covering all claim settlements and judgments with the resources of the General Fund. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Changes in the reported liability since June 30, 2011, resulted from the following (expressed in thousands):

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Recoveries from Settled and Unsettled Claims	Balance at Fiscal Year End
2011-12	\$959,129	\$953,030	(\$895,513)	\$1,438	\$1,018,084
2010-11	*\$964,724	\$862,539	(\$858,917)	(\$9,218)	\$959,128

* restated

D. RELATED PARTY TRANSACTIONS

The State Board of Elementary and Secondary Education (SBESE) serves as the governing board for the Department of Education. The State Superintendent of Education is appointed by the SBESE and is responsible for the daily administration of the department and submits educational policy and funding issues and awards to the SBESE for implementation authority.

The SBESE consists of eleven members representing eight geographic regions of the State (SBESE districts). Eight members are elected by citizens in the representative SBESE districts and three members at large are appointed by the governor. Elected and appointed members serve a term of four years concurrent with the term of the governor.

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The Department of Education presents funding awards and/or allocations to the Finance Committee of the SBESE for recommendation to the full board. A majority of the board constitutes department authority to award funds to sub-recipients.

The elected SBESE member for the fourth SBESE district is currently the Superintendent of DeSoto Parish School Board and a sub-recipient of funds authorized by SBESE. For the fiscal year ended June 30, 2012, DeSoto Parish School Board received amounts totaling \$19,304,304 in funding authorized by SBESE and released by the Department of Education.

The elected SBESE member for the third SBESE district is currently the Director of Human Resources of St. Martin Parish School Board and a sub-recipient of funds authorized by SBESE. For the fiscal year ended June 30, 2012, St. Martin Parish School Board received amounts totaling \$129,051 in funding authorized by SBESE and released by the Department of Education.

The Motor Fuels Underground Storage Tank Trust Advisory Board advises the secretary of the Department of Environmental Quality regarding the Tank Trust Fund transactions. One board member has ownership in a company that received Trust Fund disbursements of \$3,244,572.

The Louisiana Educational Television Authority (LETA), a state agency, has two supporting foundations. LETA received \$370,144 from the Friends of Louisiana Public Broadcasting. Louisiana Educational Television Authority's (LETA) Foundation for Excellence in Public Broadcasting entered into an agreement with the Friends of Louisiana Public Broadcasting. Friends of Louisiana Public Broadcasting transferred \$1,685,795 to the Foundation.

The Louisiana Agricultural Finance Authority, a discretely presented component unit, administers the Louisiana Farm and Agribusiness Recovery Loan and Grant Program. Under the program, the Authority has made loans and grants totaling \$1,005,911 to 31 individuals currently employed by the Department of Agriculture and Forestry (LDAF) or serve in a capacity within LDAF, who (for reporting purposes) are considered related parties. These individuals, whose loans are allowable under LRS 42:1113(D)(1)(c)(iii) and under the cooperative endeavor agreement between the Authority and the Division of Administration's Office of Community Development, qualified for the loans based on pre-established criteria applied to all loan applicants. The balance of these loans at June 30, 2012, is \$452,916.

One of the recipients of the loans is Strain Cattle, which is a company owned by the LDAF Commissioner and family members. Strain Cattle participated in the Louisiana Farm and Agribusiness Recovery Loan and Grant Program with an award of \$14,935.

The Louisiana Agricultural Finance Authority also administers the Poultry Growers Assistance Program. A LDAF employee was awarded \$61,994 by the program. This grant is allowable under LRS 42:1113(D)(1)(c)(iii) because the recipient qualified for the loan based on pre-established criteria applied to all grant applicants.

E. ADOPTION OF NEW ACCOUNTING STANDARDS

For the year ended June 30, 2012, the State of Louisiana implemented GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*; and GASB Statement 64, *Derivative Instruments; Application of Hedge Accounting Termination Provisions*.

NOTE 12: SUBSEQUENT EVENTS

A. CONSTITUTIONAL AMENDMENTS

Nine amendments to the Louisiana Constitution of 1974 were proposed and voted on in a general statewide election held November 6, 2012. Eight of the nine passed and are summarized below:

- Protects the Medicaid Trust Fund for the Elderly in the constitution from being "swept" of cash when the state is attempting to balance the state's budget.
- Adds language to the constitution that says the right to possess a weapon is a fundamental right and any restriction must pass a "strict scrutiny" judicial review. Also, it removes language from the constitution that explicitly gives the Legislature the authority to pass laws restricting the right to carry a concealed weapon.

- Provides that laws affecting any changes to the retirement systems for public employees must be pre-filed no later than 45 days prior to the regular legislative session and requires public notice announcements regarding legislation effecting retirement system changes no later than 60 days before introduction of the bill.
- Revises a 2010 amendment and states that if the surviving spouse of a deceased disabled veteran occupies and remains the owner of the couple's home, he or she can claim the higher homestead exemption whether or not the exemption was in effect at the time the veteran dies.
- Provides for the forfeiture of public retirement benefits by any public servant who is convicted of a felony associated with and committed during his public service. This shall apply only to persons employed, re-employed, or elected on or after January 1, 2013, and only to retirement benefits earned on or after January 1, 2013.

- Reconfigures how the members of six constitutional created boards and commissions are selected to align with the reduced number of congressional districts, and ensures that each congressional district is represented equally.
- Authorizes the Board of Commerce and Industry to grant ad valorem tax exemption contracts for businesses located in parishes that have chosen to participate in a program established for the granting of such contracts.
- Provides that no law relative to the creation of a special district, the primary purpose of which includes aiding in crime prevention and security by providing for an increased presence of law enforcement in the district or otherwise promoting and encouraging security in the district, shall be enacted unless three separate notices of the proposed law are published at least 30 days prior to introduction of the bill, which notice shall set forth the substance of the proposed law and whether the governing authority of the special district would be authorized to impose and collect a parcel fee within the district, whether the parcel fee will be imposed or may be increased without an election, and the maximum amount of such fee.

B. LOUISIANA STADIUM AND EXPOSITION DISTRICT

The Louisiana Stadium and Exposition District (LSED), a political subdivision and agency of the state, owns and manages a number of properties, including the Mercedes-Benz Superdome. In 2006 the LSED issued its 2006 A, B, C and D bonds in the amount of \$294,325,000 to refund approximately \$195 million in existing debt, repair storm damage, pay capitalized interest, and generate cash for working capital purposes. The Series A, B, and C borrowings totaling \$238,475,000 were done on a tax-exempt basis, using variable rate demand auction rate bonds, which were hedged using floating to fixed interest rate swaps. The Series 2006D bonds, totaling \$55,850,000, were issued in a taxable variable rate demand auction rate bond format and were issued for the purpose of providing working capital to the District. The Series 2006D was also hedged. As the result of the collapse of the auction rate market in 2008, the bonds were unable to be remarketed, at which time they reverted to bank rate mode with a reset at a 12 percent interest rate.

As the result of actions by the U.S. Treasury and Internal Revenue Service a waiver was obtained that would allow the State to acquire its own bonds for investment purposes. In addition, through Act 2 of the 2008 Second Extraordinary Session, the legislature provided the ability for the State Treasurer to acquire the bonds by identifying them as an allowable investment instrument. The State subsequently became an auction rate market participant and acquired virtually 100% of the outstanding Series 2006 A, B and C bonds at a rate of 2.9 percent as an investment of the State General Fund. The Series 2006D bonds

continue to be held by Merrill Lynch/Bank of America at a reduced rate.

The IRS exemption and State exception allowing the State to retain the Series 2006 A, B and C bonds on this basis has been approved each year subsequent to 2008. Under the latest IRS Notice, the LSED has until December 31, 2012, to submit a permanent refinancing plan to the IRS, or the bonds will become taxable and the State will be required to hold the bonds as an investment until they mature (the current investment yield is 1.25%). Upon submission of LSED's application, the IRS has 45 days to provide approval, which if granted would then provide the LSED (in conjunction with the state) the ability to accomplish the refunding within the next 18 months on a tax-exempt basis.

In September 2012, LSED adopted a preliminary resolution authorizing the application to the State Bond Commission for approval of a notice of intent for filing for the issuance of up to \$450 million of the District's Revenue Refunding Bonds, Series 2012, for the primary purpose of refunding all of the Series 2006 bonds, allowing the tax-exempt status retention, stabilizing debt service costs, and paying other transactional costs.

In November 2012, the resolution was ratified and supplemented to authorize the application with the Internal Revenue Service (IRS) under its Tax Exempt Bonds Voluntary Closing Agreement Program (VCAP) and to declare the intent of the LSED to resell or currently refund all of its outstanding Series 2006 bonds. The VCAP application has been filed with the IRS and the LSED is currently awaiting their response.

C. AGENCY CLOSURES/OUTSOURCING

In July 2012, the Department of Corrections terminated the prison operations of J. Levy DaBadie and transferred the remaining operations to Avoyelles Correction Center.

The State Group Benefits Program provides health and life insurance benefits to active and retired state employees. On November 9, 2012, the House Appropriations and Senate Finance Committee approved the outsourcing of the Office of Group Benefits to Blue Cross and Blue Shield of Louisiana beginning January 1, 2013. The change is designed to save money and streamline the Program's operations.

Effective July 1, 2012, the Louisiana Office of Student Financial Assistance (LOSFA) outsourced its guaranty functions, including default aversion, claims, and collections as a result of the loss of the guaranty function for new student loans (which occurred in 2010). The outsourcing resulted in the loss of 58 authorized positions.

D. RECOVERY SCHOOL DISTRICTS

Effective July 1, 2012, the Recovery School District supported the conversion of four schools, which were

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previously direct run schools, into charter schools. The new charter schools are Joseph Craig Elementary, Dr Charles Drew Elementary, John McDonough High School, and Schwartz Alternative High School.

For school year 2012-2013, which began August 6, 2012, the Recovery School District has 22 direct run schools. Twelve direct run schools are located in New Orleans and

ten schools are located in Baton Rouge and the surrounding area. The Recovery School District also has oversight of 59 Type 5 charters, which are pre-existing public schools transferred to the jurisdiction of the District and authorized by the Board of Elementary and Secondary Education.

REQUIRED SUPPLEMENTARY
INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION
AND ANALYSIS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INTERGOVERNMENTAL	\$ 11,072,714	\$ 11,769,135	\$ 10,216,805	\$ (1,552,330)
USE OF MONEY AND PROPERTY	--	--	(10,240)	(10,240)
SALES OF COMMODITIES	1,302,749	1,225,744	1,115,057	(110,687)
OTHER	181,451	189,437	168,567	(20,870)
INTERAGENCY TRANSFERS	1,077,947	1,080,480	1,012,890	(67,590)
TOTAL REVENUES	13,634,861	14,264,796	12,503,079	(1,761,717)
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	4,916,826	5,231,839	4,069,729	1,162,110
CULTURE, RECREATION, AND TOURISM	86,427	87,661	82,974	4,687
TRANSPORTATION AND DEVELOPMENT	536,330	556,374	535,902	20,472
PUBLIC SAFETY	399,565	445,204	389,284	55,920
HEALTH AND WELFARE	9,177,001	9,493,300	8,958,416	534,884
CORRECTIONS	663,755	681,165	671,440	9,725
YOUTH SERVICES	149,535	141,201	132,704	8,497
CONSERVATION	543,781	570,360	336,970	233,390
EDUCATION	9,682,722	9,578,786	8,994,657	584,129
OTHER	26,953	26,953	15,751	11,202
INTERGOVERNMENTAL	399,656	421,392	396,404	24,988
DEBT SERVICE	88,135	80,135	62,613	17,522
TOTAL EXPENDITURES	26,670,686	27,314,370	24,646,844	2,667,526
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(13,035,825)	(13,049,574)	(12,143,765)	905,809
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN	12,055,750	11,666,747	12,617,475	950,728
TRANSFERS OUT	(74,123)	(73,223)	(309,621)	(236,398)
TOTAL OTHER FINANCING SOURCES	11,981,627	11,593,524	12,307,854	714,330
NET CHANGES IN FUND BALANCES	\$ (1,054,198)	\$ (1,456,050)	\$ 164,089	\$ 1,620,139

The notes to required supplementary information are an integral part of this schedule.

State of Louisiana

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY REPORTING

FOR THE YEAR ENDED JUNE 30, 2012

The Budgetary Comparison Schedule - Budget to Actual (Non-GAAP Budgetary Basis) of the General Fund presents comparisons of the original and final legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resulting basis, perspective, and entity differences in the revenues in excess of (less than) expenditures and other financing sources (uses) between budgetary and GAAP presentations for the year ended June 30, 2012, is presented below (expressed in thousands) for the General Fund.

Net Change in Fund Balances (GAAP)	\$	(353,435)
Reconciling Adjustments:		
Basis Differences:		
To Adjust for Revenue Accruals and Deferrals		2,274,327
To Adjust for Expenditure Accruals		(2,348,256)
To Delete IAT Related Transfers In		1,878,035
To Delete IAT Expenditures		(1,890,186)
Perspective Differences:		
Special Revenue Funds Reclassified to General Fund for GASB 54 Presentation		<u>603,604</u>
Net Change in Fund Balances (Budgetary Basis)	\$	<u><u>164,089</u></u>

Generally, revenues and expenditures are budgeted using the modified accrual basis of accounting. The budget is prepared for each budget unit at the appropriated program level which is the lowest level at which appropriations are adopted. This level of control also applies to the special revenue funds.

The General Fund Budget and Actual Schedule is reported by agency in the *Supplementary Information to the Comprehensive Annual Financial Report* available on request from the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy.

OTHER POSTEMPLOYMENT BENEFITS PLANS

FOR THE YEAR ENDED JUNE 30, 2012

OGB Plan

The State's Other Postemployment Benefits (OPEB) Plan is administered by the Office of Group Benefits (OGB) as an agent multiple-employer defined benefit OPEB plan. It provides health and life insurance coverage to eligible members. The following tables present the actuarially determined funding progress and required contributions for the OGB OPEB Plan using the projected unit credit cost method.

Schedule of Funding Progress

(Expressed in Thousands)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
Primary Government	7/1/2009	\$0	\$7,490,167	\$7,490,167	0.00%	\$1,830,427	409.20%
Primary Government	7/1/2010	\$0	\$6,405,570	\$6,405,570	0.00%	\$1,806,149	354.65%
Primary Government	7/1/2011	\$0	\$4,862,238	\$4,862,238	0.00%	\$1,661,530	292.64%
Component Units	7/1/2009	\$0	\$3,413,382	\$3,413,382	0.00%	\$1,491,615	228.84%
Component Units	7/1/2010	\$0	\$2,943,379	\$2,943,379	0.00%	\$1,447,577	203.33%
Component Units	7/1/2011	\$0	\$2,201,779	\$2,201,779	0.00%	\$1,407,436	156.44%

Schedule of Employer Contributions

(Expressed in Thousands)

	Fiscal Year Ended	Annual Required Contribution (ARC) (a)	Contributions (b)	Percentage Contributed (b/a)
Primary Government	6/30/2010	\$576,478	\$147,050	25.51%
Primary Government	6/30/2011	\$472,125	\$152,871	32.38%
Primary Government	6/30/2012	\$344,935	\$174,895	50.70%
Component Units	6/30/2010	\$274,834	\$69,427	25.26%
Component Units	6/30/2011	\$231,989	\$71,125	30.66%
Component Units	6/30/2012	\$173,468	\$77,616	44.74%

LSU Health Plan

The Louisiana State University (LSU) System (System), a discretely presented component unit of the State, offers its eligible employees, retirees, and their beneficiaries healthcare coverage through the LSU Health Plan. It is a single-employer defined benefit plan. The following tables present the actuarially determined funding progress and required contributions for the LSU Health Plan using the projected unit credit cost method.

Schedule of Funding Progress

(Expressed in Thousands)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
Primary Government	7/1/2009	\$0	\$15,585	\$15,585	0.00%	\$23,197	67.19%
Primary Government	7/1/2010	\$0	\$17,279	\$17,279	0.00%	\$25,785	67.01%
Primary Government	7/1/2011	\$0	\$22,829	\$22,829	0.00%	\$24,144	94.55%
Component Units	7/1/2009	\$0	\$608,551	\$608,551	0.00%	\$629,381	96.69%
Component Units	7/1/2010	\$0	\$663,824	\$663,824	0.00%	\$594,837	111.60%
Component Units	7/1/2011	\$0	\$803,135	\$803,135	0.00%	\$590,615	135.98%

Schedule of Employer Contributions

(Expressed in Thousands)

	Fiscal Year Ended	Annual Required Contribution (ARC) (a)	Contributions (b)	Percentage Contributed (b/a)
Primary Government	6/30/2010	\$2,067	\$515	24.92%
Primary Government	6/30/2011	\$2,207	\$553	25.06%
Primary Government	6/30/2012	\$2,676	\$550	20.55%
Component Units	6/30/2010	\$62,333	\$12,599	20.21%
Component Units	6/30/2011	\$66,446	\$13,716	20.64%
Component Units	6/30/2012	\$74,883	\$15,792	21.09%



BUDGETARY COMPARISON
SCHEDULE
MAJOR DEBT SERVICE FUND

State of Louisiana

BUDGETARY COMPARISON SCHEDULE - BOND SECURITY AND REDEMPTION FUND

BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INTERGOVERNMENTAL	\$ 23,779	\$ 71,181	\$ 85,330	\$ 14,149
TAXES	8,133,965	7,568,640	7,871,136	302,496
GAMING	829,900	834,600	831,227	(3,373)
TOBACCO SETTLEMENT	60,700	136,700	56,496	(80,204)
USE OF MONEY AND PROPERTY	669,494	748,279	658,446	(89,833)
LICENSES, PERMITS, AND FEES	455,886	493,230	641,206	147,976
SALES OF COMMODITIES	35,731	29,214	98,954	69,740
OTHER	424,965	418,162	280,218	(137,944)
INTERAGENCY TRANSFERS	1,764,604	1,818,437	1,434,483	(383,954)
TOTAL REVENUES	12,399,024	12,118,443	11,957,496	(160,947)
EXPENDITURES:				
CURRENT:				
DEBT SERVICE	319,974	310,313	318,165	(7,852)
TOTAL EXPENDITURES	319,974	310,313	318,165	(7,852)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	12,079,050	11,808,130	11,639,331	(168,799)
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN	--	--	76,153	76,153
TRANSFERS OUT	(12,079,050)	(11,808,130)	(11,715,484)	92,646
TOTAL OTHER FINANCING SOURCES AND (USES)	(12,079,050)	(11,808,130)	(11,639,331)	168,799
NET CHANGES IN FUND BALANCES	\$ --	\$ --	\$ --	\$ --



COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULE – NONMAJOR
FUNDS



State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	EMPLOYMENT SECURITY ADMINISTRATIVE ACCOUNT	FEDERAL ENERGY SETTLEMENT FUND	INCUMBENT WORKER TRAINING ACCOUNT	LABOR PENALTY AND INTEREST ACCOUNT
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 9,104	\$ 17,459	\$ 27,040	\$ 4,420
INVESTMENTS	--	--	--	--
RECEIVABLES (NET)	446	--	4,496	3,424
DUE FROM OTHER FUNDS	504	--	--	1,194
DUE FROM FEDERAL GOVERNMENT	--	--	--	--
TOTAL ASSETS	<u>\$ 10,054</u>	<u>\$ 17,459</u>	<u>\$ 31,536</u>	<u>\$ 9,038</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --
DUE TO OTHER FUNDS	--	64	2,334	1,000
OTHER LIABILITIES	--	--	--	--
TOTAL LIABILITIES	<u>--</u>	<u>64</u>	<u>2,334</u>	<u>1,000</u>
FUND BALANCES:				
NONSPENDABLE	--	--	--	--
RESTRICTED	--	17,395	--	--
COMMITTED	10,054	--	29,202	8,038
TOTAL FUND BALANCES	<u>10,054</u>	<u>17,395</u>	<u>29,202</u>	<u>8,038</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,054</u>	<u>\$ 17,459</u>	<u>\$ 31,536</u>	<u>\$ 9,038</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	EMPLOYMENT SECURITY ADMINISTRATIVE ACCOUNT	FEDERAL ENERGY SETTLEMENT FUND	INCUMBENT WORKER TRAINING ACCOUNT	LABOR PENALTY AND INTEREST ACCOUNT
REVENUES:				
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --
TAXES	2,905	--	22,064	4,821
TOBACCO SETTLEMENT	--	--	--	--
USE OF MONEY AND PROPERTY	19	16	26	38
LICENSES, PERMITS, AND FEES	--	--	--	186
OTHER	--	38	--	--
TOTAL REVENUES	<u>2,924</u>	<u>54</u>	<u>22,090</u>	<u>5,045</u>
EXPENDITURES:				
CURRENT:				
CULTURE, RECREATION, AND TOURISM	--	--	--	--
TRANSPORTATION AND DEVELOPMENT	--	--	--	--
PUBLIC SAFETY	--	--	--	--
OTHER	--	--	--	--
INTERGOVERNMENTAL	--	--	--	--
DEBT SERVICE:				
PRINCIPAL RETIREMENT	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--
TOTAL EXPENDITURES	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,924</u>	<u>54</u>	<u>22,090</u>	<u>5,045</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN	--	--	--	--
TRANSFERS OUT	(578)	(710)	(26,595)	(3,767)
PAYMENTS TO REFUNDED BOND ESCROW AGENT	--	--	--	--
LONG TERM DEBT ISSUED	--	--	--	--
LONG TERM DEBT ISSUED - PREMIUMS	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(578)</u>	<u>(710)</u>	<u>(26,595)</u>	<u>(3,767)</u>
NET CHANGE IN FUND BALANCES	2,346	(656)	(4,505)	1,278
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	<u>7,708</u>	<u>18,051</u>	<u>33,707</u>	<u>6,760</u>
FUND BALANCES AT END OF YEAR	<u>\$ 10,054</u>	<u>\$ 17,395</u>	<u>\$ 29,202</u>	<u>\$ 8,038</u>

(Continued)

State of Louisiana

SPECIAL REVENUE FUNDS

LOUISIANA TOURISM PROMOTION DISTRICT	MARSH ISLAND OPERATING FUND	RETIREMENT SYSTEMS INSURANCE PROCEEDS FUND	STATE HIGHWAY FUND #2	TIDELANDS FUND	TRANSPORTATION TRUST FUND	TOTAL SPECIAL REVENUE FUNDS JUNE 30, 2012
\$ 6,843	\$ 100	\$ --	\$ 13,390	\$ 5	\$ 302,307	\$ 380,668
--	--	--	--	--	74,951	74,951
1,856	28	--	958	--	--	11,208
1,494	--	--	--	--	80,316	83,508
--	--	--	--	--	77,531	77,531
<u>\$ 10,193</u>	<u>\$ 128</u>	<u>\$ --</u>	<u>\$ 14,348</u>	<u>\$ 5</u>	<u>\$ 535,105</u>	<u>\$ 627,866</u>
\$ --	\$ --	\$ --	\$ 7,174	\$ --	\$ 17	\$ 7,191
--	128	--	7,174	--	120,947	131,647
--	--	--	--	--	--	--
--	128	--	14,348	--	120,964	138,838
--	--	--	--	--	--	--
--	--	--	--	5	414,141	431,541
10,193	--	--	--	--	--	57,487
10,193	--	--	--	5	414,141	489,028
<u>\$ 10,193</u>	<u>\$ 128</u>	<u>\$ --</u>	<u>\$ 14,348</u>	<u>\$ 5</u>	<u>\$ 535,105</u>	<u>\$ 627,866</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 924,719	\$ 924,719
21,977	--	--	--	--	--	51,767
--	--	--	--	--	--	--
4	319	--	--	--	(378)	44
--	--	54,605	14,348	--	--	69,139
2	--	--	--	--	--	40
<u>21,983</u>	<u>319</u>	<u>54,605</u>	<u>14,348</u>	<u>--</u>	<u>924,341</u>	<u>1,045,709</u>
--	--	--	--	--	--	--
--	--	--	--	--	15,467	15,467
--	--	1,500	--	--	--	1,500
--	--	--	--	--	--	--
--	--	53,105	7,174	--	--	60,279
--	--	--	--	--	--	--
--	--	--	--	--	27,603	27,603
--	--	54,605	7,174	--	43,070	104,849
<u>21,983</u>	<u>319</u>	<u>--</u>	<u>7,174</u>	<u>--</u>	<u>881,271</u>	<u>940,860</u>
1,494	382	--	--	--	565,403	567,279
(24,430)	(701)	--	(7,174)	--	(1,439,492)	(1,503,447)
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>(22,936)</u>	<u>(319)</u>	<u>--</u>	<u>(7,174)</u>	<u>--</u>	<u>(874,089)</u>	<u>(936,168)</u>
(953)	--	--	--	--	7,182	4,692
11,146	--	--	--	5	406,959	484,336
<u>\$ 10,193</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5</u>	<u>\$ 414,141</u>	<u>\$ 489,028</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	DEBT SERVICE FUNDS			PERMANENT FUNDS
	TOBACCO SETTLEMENT FINANCING CORPORATION	TRANSPORTATION INFRASTRUCTURE MODEL FOR ECONOMIC DEVELOPMENT	TOTAL DEBT SERVICE FUNDS JUNE 30, 2012	EDUCATION EXCELLENCE FUND
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 277	\$ 172,329	\$ 172,606	\$ 2,518
INVESTMENTS	127,024	42,344	169,368	485,266
RECEIVABLES (NET)	--	--	--	--
DUE FROM OTHER FUNDS	--	--	--	--
DUE FROM FEDERAL GOVERNMENT	--	--	--	--
TOTAL ASSETS	\$ 127,301	\$ 214,673	\$ 341,974	\$ 487,784
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE AND ACCRUALS	\$ 10	\$ 10,078	\$ 10,088	\$ --
DUE TO OTHER FUNDS	--	13,447	13,447	2,299
OTHER LIABILITIES	--	--	--	--
TOTAL LIABILITIES	10	23,525	23,535	2,299
FUND BALANCES:				
NONSPENDABLE	--	--	--	462,708
RESTRICTED	127,291	191,148	318,439	22,777
COMMITTED	--	--	--	--
TOTAL FUND BALANCES	127,291	191,148	318,439	485,485
TOTAL LIABILITIES AND FUND BALANCES	\$ 127,301	\$ 214,673	\$ 341,974	\$ 487,784

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	TOBACCO SETTLEMENT FINANCING CORPORATION	TRANSPORTATION INFRASTRUCTURE MODEL FOR ECONOMIC DEVELOPMENT	TOTAL DEBT SERVICE FUNDS JUNE 30, 2012	EDUCATION EXCELLENCE FUND
REVENUES:				
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --
TAXES	--	106,140	106,140	--
TOBACCO SETTLEMENT	84,744	--	84,744	--
USE OF MONEY AND PROPERTY	4,854	(3)	4,851	7,832
LICENSES, PERMITS, AND FEES	--	--	--	--
OTHER	--	--	--	--
TOTAL REVENUES	89,598	106,137	195,735	7,832
EXPENDITURES:				
CURRENT:				
CULTURE, RECREATION, AND TOURISM	--	--	--	--
TRANSPORTATION AND DEVELOPMENT	--	4,160	4,160	--
PUBLIC SAFETY	--	--	--	--
OTHER	89	--	89	--
INTERGOVERNMENTAL	--	--	--	--
DEBT SERVICE:				
PRINCIPAL RETIREMENT	39,835	8,270	48,105	--
INTEREST AND FISCAL CHARGES	50,047	93,710	143,757	--
TOTAL EXPENDITURES	89,971	106,140	196,111	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(373)	(3)	(376)	7,832
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN	--	8,760	8,760	14,552
TRANSFERS OUT	--	(125,137)	(125,137)	(28,869)
PAYMENTS TO REFUNDED BOND ESCROW AGENT	--	(894,646)	(894,646)	--
LONG TERM DEBT ISSUED	--	803,080	803,080	--
LONG TERM DEBT ISSUED - PREMIUMS	--	91,566	91,566	--
TOTAL OTHER FINANCING SOURCES (USES)	--	(116,377)	(116,377)	(14,317)
NET CHANGE IN FUND BALANCES	(373)	(116,380)	(116,753)	(6,485)
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	127,664	307,528	435,192	491,970
FUND BALANCES AT END OF YEAR	\$ 127,291	\$ 191,148	\$ 318,439	\$ 485,485

(Concluded)

State of Louisiana

PERMANENT FUNDS

FULLER-EDWARDS ARBORETUM TRUST FUND	HEALTH EXCELLENCE FUND	W. R. IRBY BEQUEST FUND	TOPS FUND	TOTAL PERMANENT FUNDS JUNE 30, 2012	TOTAL NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2012
\$ 216	\$ 39,247	\$ 1,404	\$ 39,870	\$ 83,255	\$ 636,529
--	444,541	--	458,442	1,388,249	1,632,568
--	--	--	--	--	11,208
--	--	--	--	--	83,508
--	--	--	--	--	77,531
<u>\$ 216</u>	<u>\$ 483,788</u>	<u>\$ 1,404</u>	<u>\$ 498,312</u>	<u>\$ 1,471,504</u>	<u>\$ 2,441,344</u>
\$ 1	\$ --	\$ 9	\$ --	\$ 10	\$ 17,289
--	10	--	9	2,318	147,412
--	--	34	--	34	34
<u>1</u>	<u>10</u>	<u>43</u>	<u>9</u>	<u>2,362</u>	<u>164,735</u>
100	464,562	--	463,051	1,390,421	1,390,421
115	19,216	1,361	35,252	78,721	828,701
--	--	--	--	--	57,487
<u>215</u>	<u>483,778</u>	<u>1,361</u>	<u>498,303</u>	<u>1,469,142</u>	<u>2,276,609</u>
<u>\$ 216</u>	<u>\$ 483,788</u>	<u>\$ 1,404</u>	<u>\$ 498,312</u>	<u>\$ 1,471,504</u>	<u>\$ 2,441,344</u>
FULLER-EDWARDS ARBORETUM TRUST FUND	HEALTH EXCELLENCE FUND	W. R. IRBY BEQUEST FUND	TOPS FUND	TOTAL PERMANENT FUNDS JUNE 30, 2012	TOTAL NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2012
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 924,719
--	--	--	--	--	157,907
--	--	--	--	--	84,744
1	7,809	1,468	7,810	24,920	29,815
--	--	--	--	--	69,139
--	--	--	--	--	40
<u>1</u>	<u>7,809</u>	<u>1,468</u>	<u>7,810</u>	<u>24,920</u>	<u>1,266,364</u>
2	--	1,232	--	1,234	1,234
--	--	--	--	--	19,627
--	--	--	--	--	1,500
--	--	--	--	--	89
--	--	--	--	--	60,279
--	--	--	--	--	48,105
--	--	--	--	--	171,360
<u>2</u>	<u>--</u>	<u>1,232</u>	<u>--</u>	<u>1,234</u>	<u>302,194</u>
<u>(1)</u>	<u>7,809</u>	<u>236</u>	<u>7,810</u>	<u>23,686</u>	<u>964,170</u>
--	14,575	--	84,651	113,778	689,817
--	(27,774)	--	(82,191)	(138,834)	(1,767,418)
--	--	--	--	--	(894,646)
--	--	--	--	--	803,080
--	--	--	--	--	91,566
<u>--</u>	<u>(13,199)</u>	<u>--</u>	<u>2,460</u>	<u>(25,056)</u>	<u>(1,077,601)</u>
(1)	(5,390)	236	10,270	(1,370)	(113,431)
<u>216</u>	<u>489,168</u>	<u>1,125</u>	<u>488,033</u>	<u>1,470,512</u>	<u>2,390,040</u>
<u>\$ 215</u>	<u>\$ 483,778</u>	<u>\$ 1,361</u>	<u>\$ 498,303</u>	<u>\$ 1,469,142</u>	<u>\$ 2,276,609</u>

State of Louisiana

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	EMPLOYMENT SECURITY ADMINISTRATION ACCOUNT			FEDERAL ENERGY SETTLEMENT FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL *	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	4,779	2,905	(1,874)	--	--	--
USE OF MONEY AND PROPERTY	--	19	19	16,245	42	(16,203)
LICENSES, PERMITS, AND FEES	--	--	--	--	--	--
OTHER	--	--	--	--	38	38
TOTAL REVENUES	4,779	2,924	(1,855)	16,245	80	(16,165)
EXPENDITURES:						
INTERGOVERNMENTAL	--	--	--	--	--	--
OTHER	--	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,779	2,924	(1,855)	16,245	80	(16,165)
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	--	--	--	--	--	--
TRANSFERS OUT	(4,779)	(578)	4,201	(16,245)	(710)	15,535
TOTAL OTHER FINANCING SOURCES (USES)	(4,779)	(578)	4,201	(16,245)	(710)	15,535
NET CHANGES IN FUND BALANCES	\$ --	\$ 2,346	\$ 2,346	\$ --	\$ (630)	\$ (630)

	INCUMBENT WORKER TRAINING ACCOUNT			LABOR PENALTY AND INTEREST ACCOUNT		
	BUDGET	ACTUAL *	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	26,597	22,064	(4,533)	2,695	4,821	2,126
USE OF MONEY AND PROPERTY	--	68	68	--	38	38
LICENSES, PERMITS, AND FEES	--	--	--	--	186	186
OTHER	--	--	--	--	--	--
TOTAL REVENUES	26,597	22,132	(4,465)	2,695	5,045	2,350
EXPENDITURES:						
INTERGOVERNMENTAL	--	--	--	--	--	--
OTHER	--	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	26,597	22,132	(4,465)	2,695	5,045	2,350
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	--	--	--	--	--	--
TRANSFERS OUT	(26,597)	(26,595)	2	(2,695)	(3,767)	(1,072)
TOTAL OTHER FINANCING SOURCES (USES)	(26,597)	(26,595)	2	(2,695)	(3,767)	(1,072)
NET CHANGES IN FUND BALANCES	\$ --	\$ (4,463)	\$ (4,463)	\$ --	\$ 1,278	\$ 1,278

* "Actual" on the budgetary basis includes only realized gains/losses on investments.

Both realized and unrealized gains/losses are recognized as revenue in governmental funds.

** Reclassification between revenues or expenditures and Other Financing Sources (Uses)
is required for the budgetary basis.

(Continued)

State of Louisiana

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	LOUISIANA TOURISM PROMOTION DISTRICT			MARSH ISLAND OPERATING FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL **	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	23,600	21,977	(1,623)	--	--	--
USE OF MONEY AND PROPERTY	--	4	4	620	319	(301)
LICENSES, PERMITS, AND FEES	--	--	--	--	--	--
OTHER	--	2	2	--	--	--
TOTAL REVENUES	23,600	21,983	(1,617)	620	319	(301)
EXPENDITURES:						
INTERGOVERNMENTAL	--	--	--	--	--	--
OTHER	--	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	23,600	21,983	(1,617)	620	319	(301)
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	--	1,494	1,494	--	382	382
TRANSFERS OUT	(23,600)	(24,430)	(830)	(620)	(701)	(81)
TOTAL OTHER FINANCING SOURCES (USES)	(23,600)	(22,936)	664	(620)	(319)	301
NET CHANGES IN FUND BALANCES	\$ --	\$ (953)	\$ (953)	\$ --	\$ --	\$ --

	RETIREMENT SYSTEM INSURANCE PROCEEDS FUND			STATE HIGHWAY FUND #2		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	--	--	--	--	--
LICENSES, PERMITS, AND FEES	56,600	54,605	(1,995)	11,400	14,348	2,948
OTHER	--	--	--	--	--	--
TOTAL REVENUES	56,600	54,605	(1,995)	11,400	14,348	2,948
EXPENDITURES:						
INTERGOVERNMENTAL	56,600	53,105	3,495	11,400	7,174	4,226
OTHER	--	1,500	(1,500)	--	--	--
TOTAL EXPENDITURES	56,600	54,605	1,995	11,400	7,174	4,226
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	--	--	--	7,174	7,174
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	--	--	--	--	--	--
TRANSFERS OUT	--	--	--	--	(7,174)	(7,174)
TOTAL OTHER FINANCING SOURCES (USES)	--	--	--	--	(7,174)	(7,174)
NET CHANGES IN FUND BALANCES	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

State of Louisiana

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	TRANSPORTATION TRUST FUND			TOTAL BUDGETED SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL *	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ 681,328	\$ 924,719	\$ 243,391	\$ 681,328	\$ 924,719	\$ 243,391
TAXES	--	--	--	57,671	51,767	(5,904)
USE OF MONEY AND PROPERTY	--	--	--	16,865	490	(16,375)
LICENSES, PERMITS, AND FEES	--	--	--	68,000	69,139	1,139
OTHER	--	--	--	--	40	40
TOTAL REVENUES	<u>681,328</u>	<u>924,719</u>	<u>243,391</u>	<u>823,864</u>	<u>1,046,155</u>	<u>222,291</u>
EXPENDITURES:						
INTERGOVERNMENTAL	--	--	--	68,000	60,279	7,721
OTHER	<u>43,070</u>	<u>43,070</u>	<u>--</u>	<u>43,070</u>	<u>44,570</u>	<u>(1,500)</u>
TOTAL EXPENDITURES	<u>43,070</u>	<u>43,070</u>	<u>--</u>	<u>111,070</u>	<u>104,849</u>	<u>6,221</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>638,258</u>	<u>881,649</u>	<u>243,391</u>	<u>712,794</u>	<u>941,306</u>	<u>228,512</u>
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	545,800	565,403	19,603	545,800	567,279	21,479
TRANSFERS OUT	<u>(1,184,058)</u>	<u>(1,439,492)</u>	<u>(255,434)</u>	<u>(1,258,594)</u>	<u>(1,503,447)</u>	<u>(244,853)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(638,258)</u>	<u>(874,089)</u>	<u>(235,831)</u>	<u>(712,794)</u>	<u>(936,168)</u>	<u>(223,374)</u>
NET CHANGES IN FUND BALANCES	\$ <u>--</u>	\$ <u>7,560</u>	\$ <u>7,560</u>	\$ <u>--</u>	\$ <u>5,138</u>	\$ <u>5,138</u>

* "Actual" on the budgetary basis includes only realized gains/losses on investments.

Both realized and unrealized gains/losses are recognized as revenue in governmental funds.

** Reclassification between revenues or expenditures and Other Financing Sources (Uses)
is required for the budgetary basis.

(Concluded)



State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	BOARDS AND COMMISSIONS	BROWNSFIELDS CLEANUP REVOLVING LOAN FUND	CLEAN WATER STATE REVOLVING FUND	DRINKING WATER REVOLVING LOAN FUND	LOUISIANA FEDERAL PROPERTY ASSISTANCE AGENCY
ASSETS					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 22,549	\$ --	\$ 269,719	\$ 36,979	\$ 956
RESTRICTED CASH AND CASH EQUIVALENTS	1,727	--	--	--	--
INVESTMENTS	9,668	--	--	--	--
RECEIVABLES (NET)	1,450	--	1,148	885	243
DUE FROM FEDERAL GOVERNMENT	--	19	190	--	--
INVENTORIES	3	--	--	--	276
PREPAYMENTS	111	--	--	--	--
NOTES RECEIVABLE	3	--	21,098	16,267	--
TOTAL CURRENT ASSETS	35,511	19	292,155	54,131	1,475
NONCURRENT ASSETS:					
RESTRICTED ASSETS					
CASH	--	--	--	--	--
INVESTMENTS	2,930	--	--	--	--
RECEIVABLES	--	--	--	--	--
INVESTMENTS	202	--	--	--	--
NOTES RECEIVABLE	--	--	208,732	124,232	--
CAPITAL ASSETS (NOTE 5)					
LAND	2,558	--	--	--	--
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	12,945	--	--	--	660
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	656	--	--	--	35
INFRASTRUCTURE (NET OF DEPRECIATION)	--	--	--	--	--
INTANGIBLE ASSETS (NET OF AMORTIZATION)	184	--	--	--	--
CONSTRUCTION IN PROGRESS	--	--	--	--	--
OTHER NONCURRENT ASSETS	19	--	--	--	--
TOTAL NONCURRENT ASSETS	19,494	--	208,732	124,232	695
TOTAL ASSETS	\$ 55,005	\$ 19	\$ 500,887	\$ 178,363	\$ 2,170
LIABILITIES					
CURRENT LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ 2,102	\$ --	\$ 103	\$ --	\$ 81
DUE TO OTHER FUNDS	--	19	67	--	--
DEFERRED REVENUES	4,334	--	--	--	--
AMOUNTS HELD IN CUSTODY FOR OTHERS	76	--	--	--	--
OTHER CURRENT LIABILITIES	189	--	--	--	--
CURRENT PORTION OF LONG-TERM LIABILITIES:					
COMPENSATED ABSENCES PAYABLE	202	--	--	--	2
CAPITAL LEASE OBLIGATIONS	--	--	--	--	--
NOTES PAYABLE	103	--	--	--	--
OTHER LONG-TERM LIABILITIES	--	--	--	--	--
TOTAL CURRENT LIABILITIES	7,006	19	170	--	83
NONCURRENT LIABILITIES:					
NONCURRENT PORTION OF LONG-TERM LIABILITIES:					
COMPENSATED ABSENCES PAYABLE	861	--	--	--	20
DEFERRED REVENUES	332	--	--	--	--
NOTES PAYABLE	2,064	--	--	--	--
BONDS PAYABLE (NET OF UNAMORTIZED DISCOUNTS)	--	--	--	--	--
OPEB PAYABLE	9,885	--	--	--	536
TOTAL NONCURRENT LIABILITIES	13,142	--	--	--	556
TOTAL LIABILITIES	20,148	19	170	--	639
NET ASSETS					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	14,175	--	--	--	695
RESTRICTED FOR DEBT SERVICE	--	--	--	--	--
RESTRICTED FOR OTHER SPECIFIC PURPOSES	2,055	--	--	--	--
UNRESTRICTED	18,627	--	500,717	178,363	836
TOTAL NET ASSETS	34,857	--	500,717	178,363	1,531
TOTAL LIABILITIES AND NET ASSETS	\$ 55,005	\$ 19	\$ 500,887	\$ 178,363	\$ 2,170

State of Louisiana

LOUISIANA GULF OPPORTUNITY ZONE LOAN FUND	LOUISIANA PROPERTY ASSISTANCE AGENCY	LOUISIANA TRANSPORTATION AUTHORITY	PRISON ENTERPRISES	DONALD J. THIBODEAUX TRAINING COMPLEX	TOTAL NONMAJOR ENTERPRISE FUNDS
\$ --	\$ 7,510	\$ --	\$ 3,842	\$ 475	\$ 342,030
--	--	--	--	--	1,727
--	--	--	--	--	9,668
--	56	--	1,751	72	5,605
--	--	--	--	--	209
--	--	--	6,588	704	7,571
--	--	--	6	--	117
15,854	--	--	--	--	53,222
15,854	7,566	--	12,187	1,251	420,149
--	--	326	--	--	326
--	--	5,589	--	--	8,519
--	--	1,419	--	--	1,419
--	--	--	--	--	202
317,127	--	--	--	--	650,091
--	695	--	--	1,245	4,498
--	2,781	823	678	2,291	20,178
--	135	--	4,385	155	5,366
--	--	336,850	--	--	336,850
--	--	--	--	--	184
--	450	9,474	77	--	10,001
--	--	2,969	--	--	2,988
317,127	4,061	357,450	5,140	3,691	1,040,622
\$ 332,981	\$ 11,627	\$ 357,450	\$ 17,327	\$ 4,942	\$ 1,460,771
\$ --	\$ 291	\$ --	\$ 2,924	\$ 373	\$ 5,874
--	--	--	--	8	94
--	--	395	1	--	4,730
--	--	--	--	--	76
--	--	754	--	--	943
--	20	--	30	3	257
--	--	--	23	--	23
--	--	--	--	--	103
--	--	277	--	--	277
--	311	1,426	2,978	384	12,377
--	121	--	424	236	1,662
--	--	--	--	--	332
--	--	--	--	--	2,064
--	--	174,594	--	--	174,594
--	1,583	--	4,740	2,730	19,474
--	1,704	174,594	5,164	2,966	198,126
--	2,015	176,020	8,142	3,350	210,503
--	4,061	172,554	5,118	3,691	200,294
--	--	5,907	--	--	5,907
--	--	--	--	--	2,055
332,981	5,551	2,969	4,067	(2,099)	1,042,012
332,981	9,612	181,430	9,185	1,592	1,250,268
\$ 332,981	\$ 11,627	\$ 357,450	\$ 17,327	\$ 4,942	\$ 1,460,771

State of Louisiana

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	BOARDS AND COMMISSIONS	BROWNSFIELDS CLEANUP REVOLVING LOAN FUND	CLEAN WATER STATE REVOLVING FUND	DRINKING WATER REVOLVING LOAN FUND	LOUISIANA FEDERAL PROPERTY ASSISTANCE AGENCY
OPERATING REVENUES:					
SALES OF COMMODITIES AND SERVICES	\$ 884	\$ --	\$ --	\$ --	\$ 2,090
ASSESSMENTS	5,771	--	--	--	--
USE OF MONEY AND PROPERTY	1	--	6,254	4,214	--
LICENSES, PERMITS, AND FEES	28,789	--	--	--	--
FEDERAL GRANTS AND CONTRACTS	--	--	2,481	7,189	--
OTHER	320	--	1,798	645	--
TOTAL OPERATING REVENUES	35,765	--	10,533	12,048	2,090
OPERATING EXPENSES:					
COST OF SALES AND SERVICES	8,358	--	2,570	7,189	1,099
ADMINISTRATIVE	26,127	--	--	--	927
DEPRECIATION	688	--	--	--	40
AMORTIZATION	18	--	--	--	--
TOTAL OPERATING EXPENSES	35,191	--	2,570	7,189	2,066
OPERATING INCOME (LOSS)	574	--	7,963	4,859	24
NONOPERATING REVENUES (EXPENSES):					
INTERGOVERNMENTAL EXPENSES	--	--	--	--	--
USE OF MONEY AND PROPERTY	89	--	--	--	2
GAIN ON DISPOSAL OF FIXED ASSETS	2	--	--	--	10
LOSS ON DISPOSAL OF FIXED ASSETS	(3)	--	--	--	--
INTEREST EXPENSE	(86)	--	--	(39)	--
OTHER REVENUES	2,686	--	--	--	1
OTHER EXPENSES	(2,586)	--	(32)	(11)	--
TOTAL NONOPERATING REVENUES (EXPENSES)	102	--	(32)	(50)	13
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	676	--	7,931	4,809	37
CAPITAL CONTRIBUTIONS	--	19	29,016	11,950	--
TRANSFERS OUT	--	(19)	(878)	--	--
CHANGE IN NET ASSETS	676	--	36,069	16,759	37
TOTAL NET ASSETS - BEGINNING AS RESTATED	34,181	--	464,648	161,604	1,494
TOTAL NET ASSETS - ENDING	\$ 34,857	\$ --	\$ 500,717	\$ 178,363	\$ 1,531

State of Louisiana

LOUISIANA GULF OPPORTUNITY ZONE LOAN FUND	LOUISIANA PROPERTY ASSISTANCE AGENCY	LOUISIANA TRANSPORTATION AUTHORITY	PRISON ENTERPRISES	DONALD J. THIBODEAUX TRAINING COMPLEX	TOTAL NONMAJOR ENTERPRISE FUNDS
\$ --	\$ 6,011	\$ --	\$ 27,872	\$ 6,564	\$ 43,421
--	--	--	--	--	5,771
--	--	--	--	--	10,469
--	--	3,793	--	--	32,582
--	--	--	--	--	9,670
--	--	10	--	--	2,773
--	6,011	3,803	27,872	6,564	104,686
--	1,845	--	15,317	1,828	38,206
--	3,534	12	10,849	5,227	46,676
--	216	8,883	447	141	10,415
--	--	161	--	--	179
--	5,595	9,056	26,613	7,196	95,476
--	416	(5,253)	1,259	(632)	9,210
--	--	--	(1,025)	--	(1,025)
--	16	180	10	3	300
--	30	--	245	--	287
--	--	--	(522)	(12)	(537)
--	--	(7,647)	(1)	--	(7,773)
--	102	184	179	--	3,152
--	--	--	(63)	--	(2,692)
--	148	(7,283)	(1,177)	(9)	(8,288)
--	564	(12,536)	82	(641)	922
--	--	8,142	--	--	49,127
(76,153)	--	--	--	--	(77,050)
(76,153)	564	(4,394)	82	(641)	(27,001)
409,134	9,048	185,824	9,103	2,233	1,277,269
\$ 332,981	\$ 9,612	\$ 181,430	\$ 9,185	\$ 1,592	\$ 1,250,268

State of Louisiana

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	BOARDS AND COMMISSIONS	BROWNSFIELDS CLEANUP REVOLVING LOAN FUND	CLEAN WATER STATE REVOLVING FUND	DRINKING WATER REVOLVING LOAN FUND	LOUISIANA FEDERAL PROPERTY ASSISTANCE AGENCY
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH RECEIPTS FROM CUSTOMERS	\$ 36,001	\$ --	\$ 41,424	\$ 11,960	\$ 2,001
OTHER OPERATING CASH RECEIPTS	5	--	3,365	75	--
CASH PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES	(15,213)	--	(42,597)	(15,886)	(1,639)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(16,648)	--	--	--	(618)
CASH PAYMENTS FOR INTERFUND SERVICES USED, INCLUDING PAYMENTS IN LIEU OF TAXES	(1,698)	--	--	--	--
OTHER OPERATING CASH PAYMENTS	(395)	--	(4)	--	--
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,052</u>	<u>--</u>	<u>2,188</u>	<u>(3,851)</u>	<u>(256)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
PROCEEDS FROM SALE OF BONDS	--	--	3,168	1,490	--
PRINCIPAL PAID ON BONDS	--	--	(3,200)	(3,500)	--
INTEREST PAID ON BOND MATURITIES	--	--	--	(47)	--
TRANSFERS OUT	--	(15)	(878)	--	--
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>--</u>	<u>(15)</u>	<u>(910)</u>	<u>(2,057)</u>	<u>--</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
PRINCIPAL PAID ON BONDS	--	--	--	--	--
INTEREST PAID ON BOND MATURITIES	--	--	--	--	--
PRINCIPAL PAID ON NOTES PAYABLE	(280)	--	--	--	--
INTEREST PAID ON NOTES PAYABLE	(154)	--	--	--	--
ACQUISITION/CONSTRUCTION OF CAPITAL ASSETS	(4,687)	--	--	--	--
PROCEEDS FROM SALE OF CAPITAL ASSETS	87	--	--	--	11
CAPITAL CONTRIBUTIONS	--	15	29,136	11,950	--
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(5,034)</u>	<u>15</u>	<u>29,136</u>	<u>11,950</u>	<u>11</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
PURCHASES OF INVESTMENT SECURITIES	(13,147)	--	--	--	--
PROCEEDS FROM SALE OF INVESTMENT SECURITIES	10,421	--	--	--	--
INTEREST AND DIVIDENDS EARNED ON INVESTMENT SECURITIES	115	--	--	--	2
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(2,611)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,593)	--	30,414	6,042	(243)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>29,869</u>	<u>--</u>	<u>239,305</u>	<u>30,937</u>	<u>1,199</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 24,276</u>	<u>\$ --</u>	<u>\$ 269,719</u>	<u>\$ 36,979</u>	<u>\$ 956</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
OPERATING INCOME (LOSS)	\$ 574	\$ --	\$ 7,963	\$ 4,859	\$ 24
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
DEPRECIATION/AMORTIZATION	706	--	--	--	40
PROVISION FOR UNCOLLECTIBLE ACCOUNTS	--	--	--	--	--
OTHER	3	--	--	--	--
CHANGES IN ASSETS AND LIABILITIES:					
(INCREASE)DECREASE IN ACCOUNTS RECEIVABLE	110	--	191	160	(88)
(INCREASE)DECREASE IN DUE FROM OTHER FUNDS	(66)	--	52	--	--
(INCREASE)DECREASE IN PREPAYMENTS	(55)	--	--	--	--
(INCREASE)DECREASE IN INVENTORIES	4	--	--	--	(141)
(INCREASE)DECREASE IN OTHER ASSETS	25	--	(5,926)	(8,863)	--
INCREASE(DECREASE) IN ACCOUNTS PAYABLE AND ACCRUALS	(381)	--	(91)	(7)	(92)
INCREASE(DECREASE) IN COMPENSATED ABSENCES PAYABLE	(47)	--	--	--	(31)
INCREASE(DECREASE) IN DUE TO OTHER FUNDS	66	--	(1)	--	--
INCREASE(DECREASE) IN DEFERRED REVENUES	136	--	--	--	--
INCREASE(DECREASE) IN OPEB PAYABLE	1,023	--	--	--	32
INCREASE(DECREASE) IN OTHER LIABILITIES	(46)	--	--	--	--
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,052</u>	<u>\$ --</u>	<u>\$ 2,188</u>	<u>\$ (3,851)</u>	<u>\$ (256)</u>

(Continued)

State of Louisiana

LOUISIANA GULF OPPORTUNITY ZONE LOAN FUND	LOUISIANA PROPERTY ASSISTANCE AGENCY	LOUISIANA TRANSPORTATION AUTHORITY	PRISON ENTERPRISES	DONALD J. THIBODEAUX TRAINING COMPLEX	TOTAL NONMAJOR ENTERPRISE FUNDS
\$ 76,153	\$ 6,018	\$ 3,778	\$ 27,800	\$ 6,981	\$ 212,116
--	57	10	--	--	3,512
--	(2,759)	--	(20,545)	(3,893)	(102,532)
--	(2,464)	--	(6,999)	(2,912)	(29,641)
(76,153)	--	--	--	--	(77,851)
--	--	--	--	--	(399)
--	852	3,788	256	176	5,205
--	--	--	--	--	4,658
--	--	--	--	--	(6,700)
--	--	--	--	--	(47)
--	--	--	--	--	(893)
--	--	--	--	--	(2,982)
--	--	(595)	--	--	(595)
--	--	(3,344)	--	--	(3,344)
--	(17)	--	(35)	--	(332)
--	--	--	(1)	--	(155)
--	(483)	(6,212)	(965)	(12)	(12,359)
--	166	--	399	--	663
--	--	--	--	--	41,101
--	(334)	(10,151)	(602)	(12)	24,979
--	--	(8,179)	--	--	(21,326)
--	--	13,598	--	--	24,019
--	16	180	10	3	326
--	16	5,599	10	3	3,019
--	534	(764)	(336)	167	30,221
--	6,976	1,090	4,178	308	313,862
\$ --	\$ 7,510	\$ 326	\$ 3,842	\$ 475	\$ 344,083
\$ --	\$ 416	\$ (5,253)	\$ 1,259	\$ (632)	\$ 9,210
--	216	9,044	447	141	10,594
--	--	--	10	--	10
--	--	--	(1,081)	--	(1,078)
--	233	(11)	(72)	420	943
--	--	--	--	--	(14)
--	--	--	--	--	(55)
--	--	--	(1,327)	(50)	(1,514)
--	--	13	--	--	(14,751)
--	(118)	--	703	14	28
--	(13)	--	(8)	(14)	(113)
--	--	--	--	--	65
--	--	(5)	--	--	131
--	118	--	325	297	1,795
--	--	--	--	--	(46)
\$ --	\$ 852	\$ 3,788	\$ 256	\$ 176	\$ 5,205

State of Louisiana

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

	2012
LOUISIANA TRANSPORTATION AUTHORITY	
CONTRIBUTIONS OF FIXED ASSETS	8,142
CAPITALIZED INTEREST	205

(Concluded)



State of Louisiana

COMBINING BALANCE SHEET

INTERNAL SERVICE FUNDS

JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	ADMINISTRATIVE SERVICES	CENTRAL REGIONAL LAUNDRY	LOUISIANA CORRECTIONAL FACILITIES CORPORATION
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 1,641	\$ --	\$ 34
INVESTMENTS	--	--	799
RESTRICTED INVESTMENTS	--	--	--
RECEIVABLES (NET)	524	--	--
INVENTORIES	291	--	--
PREPAYMENTS	--	--	--
OTHER CURRENT ASSETS	--	--	320
TOTAL CURRENT ASSETS	<u>2,456</u>	<u>--</u>	<u>1,153</u>
NONCURRENT ASSETS:			
RESTRICTED ASSETS			
INVESTMENTS	--	--	2,406
CAPITAL ASSETS (NOTE 5)			
LAND	--	--	--
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	342	--	--
OTHER NONCURRENT ASSETS	--	--	--
TOTAL NONCURRENT ASSETS	<u>342</u>	<u>--</u>	<u>2,406</u>
TOTAL ASSETS	<u>\$ 2,798</u>	<u>\$ --</u>	<u>\$ 3,559</u>
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND ACCRUALS	\$ 202	\$ --	\$ --
DUE TO OTHER FUNDS	--	--	--
DEFERRED REVENUES	--	--	--
CURRENT PORTION OF LONG-TERM LIABILITIES:			
COMPENSATED ABSENCES PAYABLE	19	--	--
NOTES PAYABLE	--	--	--
OTHER LONG-TERM LIABILITIES	--	--	251
TOTAL CURRENT LIABILITIES	<u>221</u>	<u>--</u>	<u>251</u>
NONCURRENT LIABILITIES:			
NONCURRENT PORTION OF LONG-TERM LIABILITIES:			
COMPENSATED ABSENCES PAYABLE	151	--	--
NOTES PAYABLE	--	--	--
OPEB PAYABLE	3,067	--	--
OTHER LONG-TERM LIABILITIES	--	--	505
TOTAL NONCURRENT LIABILITIES	<u>3,218</u>	<u>--</u>	<u>505</u>
TOTAL LIABILITIES	<u>3,439</u>	<u>--</u>	<u>756</u>
NET ASSETS			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	342	--	--
RESTRICTED FOR DEBT SERVICE	--	--	2,406
UNRESTRICTED	(983)	--	397
TOTAL NET ASSETS	<u>(641)</u>	<u>--</u>	<u>2,803</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,798</u>	<u>\$ --</u>	<u>\$ 3,559</u>

State of Louisiana

LOUISIANA OFFICE BUILDING CORPORATION	OFFICE FACILITIES CORPORATION	OFFICE OF AIRCRAFT SERVICES	OFFICE OF TELECOMMUNICATIONS MANAGEMENT	TOTAL INTERNAL SERVICE FUNDS
\$ 473	\$ 50	\$ 302	\$ 2,358	\$ 4,858
--	71,071	--	--	71,870
--	16,162	--	--	16,162
--	3,054	681	4,225	8,484
--	--	94	--	385
--	29	--	--	29
--	104	--	--	424
<u>473</u>	<u>90,470</u>	<u>1,077</u>	<u>6,583</u>	<u>102,212</u>
--	9,231	--	--	11,637
--	301	--	--	301
--	32	--	1,129	1,503
--	5,992	--	--	5,992
<u>--</u>	<u>15,556</u>	<u>--</u>	<u>1,129</u>	<u>19,433</u>
<u>\$ 473</u>	<u>\$ 106,026</u>	<u>\$ 1,077</u>	<u>\$ 7,712</u>	<u>\$ 121,645</u>
\$ --	\$ 51	\$ 218	\$ 802	\$ 1,273
--	--	--	4	4
--	334	--	--	334
--	--	--	45	64
--	--	--	230	230
--	4,418	--	--	4,669
<u>--</u>	<u>4,803</u>	<u>218</u>	<u>1,081</u>	<u>6,574</u>
--	--	29	330	510
--	--	--	205	205
--	--	202	5,123	8,392
--	68,395	--	--	68,900
<u>--</u>	<u>68,395</u>	<u>231</u>	<u>5,658</u>	<u>78,007</u>
--	73,198	449	6,739	84,581
--	333	--	694	1,369
--	25,393	--	--	27,799
<u>473</u>	<u>7,102</u>	<u>628</u>	<u>279</u>	<u>7,896</u>
<u>473</u>	<u>32,828</u>	<u>628</u>	<u>973</u>	<u>37,064</u>
<u>\$ 473</u>	<u>\$ 106,026</u>	<u>\$ 1,077</u>	<u>\$ 7,712</u>	<u>\$ 121,645</u>

State of Louisiana

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

INTERNAL SERVICE FUNDS

JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	ADMINISTRATIVE SERVICES	CENTRAL REGIONAL LAUNDRY	LOUISIANA CORRECTIONAL FACILITIES CORPORATION	LOUISIANA OFFICE BUILDING CORPORATION
OPERATING REVENUES:				
SALES OF COMMODITIES AND SERVICES	\$ 6,883	\$ 35	\$ --	\$ --
USE OF MONEY AND PROPERTY	--	--	--	--
TOTAL OPERATING REVENUES	<u>6,883</u>	<u>35</u>	<u>--</u>	<u>--</u>
OPERATING EXPENSES:				
COST OF SALES AND SERVICES	3,690	30	--	--
ADMINISTRATIVE	4,021	69	198	--
DEPRECIATION	115	1	--	--
AMORTIZATION	--	--	44	--
TOTAL OPERATING EXPENSES	<u>7,826</u>	<u>100</u>	<u>242</u>	<u>--</u>
OPERATING INCOME (LOSS)	<u>(943)</u>	<u>(65)</u>	<u>(242)</u>	<u>--</u>
NONOPERATING REVENUES (EXPENSES):				
USE OF MONEY AND PROPERTY	4	--	--	--
GAIN ON DISPOSAL OF FIXED ASSETS	--	13	--	--
LOSS ON DISPOSAL OF FIXED ASSETS	--	--	--	--
INTEREST EXPENSE	(1)	--	(777)	--
OTHER REVENUES	12	--	875	--
OTHER EXPENSES	--	--	--	--
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>15</u>	<u>13</u>	<u>98</u>	<u>--</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(928)</u>	<u>(52)</u>	<u>(144)</u>	<u>--</u>
TRANSFERS IN	<u>--</u>	<u>203</u>	<u>--</u>	<u>--</u>
CHANGE IN NET ASSETS	<u>(928)</u>	<u>151</u>	<u>(144)</u>	<u>--</u>
TOTAL NET ASSETS - BEGINNING	<u>287</u>	<u>(151)</u>	<u>2,947</u>	<u>473</u>
TOTAL NET ASSETS - ENDING	<u>\$ (641)</u>	<u>\$ --</u>	<u>\$ 2,803</u>	<u>\$ 473</u>

State of Louisiana

OFFICE FACILITIES CORPORATION	OFFICE OF AIRCRAFT SERVICES	OFFICE OF TELECOMMUNICATIONS MANAGEMENT	TOTAL INTERNAL SERVICE FUNDS
\$ --	\$ 1,954	\$ 44,701	\$ 53,573
26,134	--	--	26,134
26,134	1,954	44,701	79,707
--	1,530	36,930	42,180
25,443	420	8,655	38,806
78	1	390	585
118	--	--	162
25,639	1,951	45,975	81,733
495	3	(1,274)	(2,026)
5,330	1	4	5,339
--	--	--	13
--	--	(7)	(7)
(8,775)	--	(3)	(9,556)
--	4	--	891
--	(4)	--	(4)
(3,445)	1	(6)	(3,324)
(2,950)	4	(1,280)	(5,350)
--	--	--	203
(2,950)	4	(1,280)	(5,147)
35,778	624	2,253	42,211
\$ 32,828	\$ 628	\$ 973	\$ 37,064

State of Louisiana

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	ADMINISTRATIVE SERVICES	CENTRAL REGIONAL LAUNDRY	LOUISIANA CORRECTIONAL FACILITIES CORPORATION
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH RECEIPTS FROM CUSTOMERS	\$ 7,236	\$ --	\$ --
CASH RECEIPTS FROM INTERFUND SERVICES PROVIDED	--	--	--
OTHER OPERATING CASH RECEIPTS	--	16	--
CASH PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES	(4,684)	(26)	(198)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(2,824)	(34)	--
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(272)	(44)	(198)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
STATE APPROPRIATIONS	--	--	2,500
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	--	--	2,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
PROCEEDS FROM SALE OF BONDS	--	--	--
PRINCIPAL PAID ON BONDS	--	--	(1,695)
INTEREST PAID ON BOND MATURITIES	--	--	(805)
PROCEEDS FROM ISSUANCE OF NOTES PAYABLE	--	--	--
PRINCIPAL PAID ON NOTES PAYABLE	(46)	--	--
INTEREST PAID ON NOTES PAYABLE	(1)	--	--
ACQUISITION/CONSTRUCTION OF CAPITAL ASSETS	(49)	--	--
PROCEEDS FROM SALE OF CAPITAL ASSETS	--	28	--
DEFERRED PROCEEDS FROM CAPITAL LEASES	--	--	--
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(96)	28	(2,500)
CASH FLOWS FROM INVESTING ACTIVITIES:			
PURCHASE OF INVESTMENT SECURITIES	--	--	(5,000)
PROCEEDS FROM SALE OF INVESTMENT SECURITIES	--	--	5,198
INTEREST AND DIVIDENDS EARNED ON INVESTMENT SECURITIES	4	--	--
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	4	--	198
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(364)	(16)	--
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,005	16	34
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,641	\$ --	\$ 34
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (943)	\$ (65)	\$ (242)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION/AMORTIZATION	115	1	44
CHANGES IN ASSETS AND LIABILITIES:			
(INCREASE)DECREASE IN ACCOUNTS RECEIVABLE	353	28	--
(INCREASE)DECREASE IN PREPAYMENTS	--	--	--
(INCREASE)DECREASE IN INVENTORIES	68	3	--
(INCREASE)DECREASE IN OTHER ASSETS	--	--	44
INCREASE(DECREASE) IN ACCOUNTS PAYABLE AND ACCRUALS	(96)	(27)	--
INCREASE(DECREASE) IN COMPENSATED ABSENCES PAYABLE	(31)	(22)	--
INCREASE(DECREASE) IN DEFERRED REVENUES	--	--	--
INCREASE(DECREASE) IN OPEB PAYABLE	262	38	--
INCREASE(DECREASE) IN OTHER LIABILITIES	--	--	(44)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (272)	\$ (44)	\$ (198)

(Continued)

State of Louisiana

LOUISIANA OFFICE BUILDING CORPORATION	OFFICE FACILITIES CORPORATION	OFFICE OF AIRCRAFT SERVICES	OFFICE OF TELECOMMUNICATIONS MANAGEMENT	TOTAL INTERNAL SERVICE FUNDS
\$ --	\$ 26,188	\$ 2,019	\$ 601	\$ 36,044
--	--	--	44,252	44,252
--	--	--	--	16
--	(25,537)	(1,619)	(36,892)	(68,956)
--	--	(319)	(8,315)	(11,492)
--	651	81	(354)	(136)
--	--	--	--	2,500
--	--	--	--	2,500
--	80,828	--	--	80,828
--	(18,290)	--	--	(19,985)
--	(10,567)	--	--	(11,372)
--	--	--	215	215
--	--	--	(175)	(221)
--	--	--	(3)	(4)
--	--	--	(458)	(507)
--	--	--	--	28
--	28,857	--	--	28,857
--	80,828	--	(421)	77,839
--	(88,977)	--	--	(93,977)
--	340	--	--	5,538
--	218	1	4	227
--	(88,419)	1	4	(88,212)
--	(6,940)	82	(771)	(8,009)
473	6,990	220	3,129	12,867
\$ 473	\$ 50	\$ 302	\$ 2,358	\$ 4,858
\$ --	\$ 495	\$ 3	\$ (1,274)	\$ (2,026)
--	196	1	390	747
--	41	65	153	640
--	(10)	--	--	(10)
--	--	43	--	114
--	--	--	--	44
--	(69)	(50)	38	(204)
--	--	--	(53)	(106)
--	(108)	--	--	(108)
--	--	19	392	711
--	106	--	--	62
\$ --	\$ 651	\$ 81	\$ (354)	\$ (136)

State of Louisiana

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

	2012
CENTRAL REGIONAL LAUNDRY	
TRANSFER OF LIABILITY TO THE DEPARTMENT OF HEALTH AND HOSPITALS	203

(Concluded)



State of Louisiana

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

PENSION TRUST FUNDS

JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM	LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM	LOUISIANA STATE POLICE RETIREMENT SYSTEM	TEACHERS' RETIREMENT SYSTEM OF LOUISIANA	TOTAL JUNE 30, 2012
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 40,042	\$ 76,485	\$ 33	\$ 198,662	\$ 315,222
RECEIVABLES:					
EMPLOYER CONTRIBUTIONS	12,376	65,505	2,101	154,172	234,154
MEMBER CONTRIBUTIONS	2,922	20,354	262	58,960	82,498
INVESTMENT PROCEEDS	40,643	89,887	--	722,017	852,547
INTEREST AND DIVIDENDS	4,248	24,250	435	34,698	63,631
OTHER	120	2,864	--	12,500	15,484
TOTAL RECEIVABLES	60,309	202,860	2,798	982,347	1,248,314
INVESTMENTS (AT FAIR VALUE):					
SHORT TERM INVESTMENTS	24,472	240,782	9,311	884,291	1,158,856
U. S. GOVERNMENT AND AGENCY OBLIGATIONS	104,891	279,757	13,691	888,836	1,287,175
BONDS - DOMESTIC	135,892	714,382	97,248	588,571	1,536,093
BONDS - INTERNATIONAL	140,478	451,373	--	972,447	1,564,298
MARKETABLE SECURITIES - DOMESTIC	660,504	2,538,708	210,766	3,794,815	7,204,793
MARKETABLE SECURITIES - INTERNATIONAL	208,995	2,112,486	22,704	2,904,306	5,248,491
ALTERNATIVE INVESTMENTS	188,609	2,611,535	94,958	3,874,755	6,769,857
COLLATERAL HELD UNDER SECURITIES LENDING PROGRAM	38,728	921,932	32,500	1,526,263	2,519,423
OTHER	1,993	10	--	--	2,003
INVESTMENTS (AT CONTRACT VALUE):					
SYNTHETIC GUARANTEED INVESTMENT CONTRACT	--	350,582	--	--	350,582
TOTAL INVESTMENTS	1,504,562	10,221,547	481,178	15,434,284	27,641,571
OTHER ASSETS	--	--	1	--	1
PROPERTY, PLANT AND EQUIPMENT:					
LAND	1,010	858	533	858	3,259
BUILDINGS AND IMPROVEMENTS	3,633	5,937	800	5,952	16,322
FURNITURE AND EQUIPMENT	333	3,147	165	4,786	8,431
INTANGIBLE ASSETS	--	10,887	--	--	10,887
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION	(1,740)	(12,723)	(131)	(7,448)	(22,042)
TOTAL PROPERTY, PLANT AND EQUIPMENT	3,236	8,106	1,367	4,148	16,857
TOTAL ASSETS	1,608,149	10,508,998	485,377	16,619,441	29,221,965
LIABILITIES					
ACCOUNTS PAYABLE	1,189	25,208	810	8,442	35,649
INVESTMENT COMMITMENTS PAYABLE	68,430	29,691	87	875,316	973,524
OBLIGATIONS UNDER SECURITIES LENDING PROGRAM	38,728	931,441	32,500	1,526,263	2,528,932
OPEB PAYABLE	2,498	6,884	322	9,128	18,832
REFUNDS PAYABLE AND OTHER	195	--	--	11,308	11,503
TOTAL LIABILITIES	111,040	993,224	33,719	2,430,457	3,568,440
NET ASSETS HELD IN TRUST FOR EMPLOYEES' PENSION BENEFITS	\$ 1,497,109	\$ 9,515,774	\$ 451,658	\$ 14,188,984	\$ 25,653,525

(Schedule of Funding Progress - Note 6)

State of Louisiana

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

PENSION TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM	LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM	LOUISIANA STATE POLICE RETIREMENT SYSTEM	TEACHERS' RETIREMENT SYSTEM OF LOUISIANA	TOTAL JUNE 30, 2012
<u>ADDITIONS</u>					
CONTRIBUTIONS:					
EMPLOYER	\$ 82,687	\$ 637,286	\$ 35,714	\$ 977,170	\$ 1,732,857
MEMBERS	21,572	192,795	4,937	333,908	553,212
TOTAL CONTRIBUTIONS	104,259	830,081	40,651	1,311,078	2,286,069
INVESTMENT INCOME:					
NET INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS	4,107	(258,501)	(2,688)	(348,035)	(605,117)
INTEREST AND DIVIDENDS	29,821	199,153	6,234	273,860	509,068
ALTERNATIVE INVESTMENT INCOME	2,291	99,801	--	77,512	179,604
LESS ALTERNATIVE INVESTMENT EXPENSES	--	(34,592)	--	(32,342)	(66,934)
SECURITIES LENDING INCOME	441	1,946	109	7,585	10,081
LESS SECURITIES LENDING EXPENSES	--	1,127	(46)	909	1,990
OTHER INVESTMENT INCOME	1,001	3,705	--	10	4,716
LESS INVESTMENT EXPENSE OTHER THAN ALTERNATIVE INVESTMENTS AND SECURITIES LENDING	(4,217)	(22,250)	(1,238)	(37,957)	(65,662)
NET INVESTMENT INCOME (LOSS)	33,444	(9,611)	2,371	(58,458)	(32,254)
OTHER INCOME	--	32,441	3,052	109,685	145,178
TOTAL ADDITIONS	137,703	852,911	46,074	1,362,305	2,398,993
<u>DEDUCTIONS</u>					
RETIREMENT BENEFITS	148,526	978,971	40,993	1,682,528	2,851,018
REFUNDS OF CONTRIBUTIONS	3,607	43,222	77	50,196	97,102
ADMINISTRATIVE EXPENSES	4,551	16,500	522	17,368	38,941
DEPRECIATION AND AMORTIZATION EXPENSES	119	1,941	19	440	2,519
OTHER	426	--	--	--	426
TOTAL DEDUCTIONS	157,229	1,040,634	41,611	1,750,532	2,990,006
NET INCREASE (DECREASE) IN NET ASSETS	(19,526)	(187,723)	4,463	(388,227)	(591,013)
NET ASSETS HELD IN TRUST FOR EMPLOYEES' PENSION BENEFITS					
BEGINNING OF YEAR	1,516,635	9,703,497	447,195	14,577,211	26,244,538
END OF YEAR	\$ 1,497,109	\$ 9,515,774	\$ 451,658	\$ 14,188,984	\$ 25,653,525

State of Louisiana

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

INVESTMENT TRUST FUNDS

JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	EDUCATION EXCELLENCE LOCAL GOVERNMENT INVESTMENT TRUST FUND	LOUISIANA ASSET MANAGEMENT POOL *	PATIENT'S COMPENSATION BOARD INVESTMENT TRUST FUND	TOTAL JUNE 30, 2012
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 45,859	\$ 6,579	\$ 288,279	\$ 340,717
RECEIVABLES:				
INTEREST AND DIVIDENDS	--	339	--	339
TOTAL RECEIVABLES	--	339	--	339
INVESTMENTS (AT FAIR VALUE):				
SHORT TERM INVESTMENTS	--	976,648	--	976,648
U. S. GOVERNMENT AND AGENCY OBLIGATIONS	10,981	488,532	285,764	785,277
MARKETABLE SECURITIES - DOMESTIC	10,578	--	185,840	196,418
REPURCHASE AGREEMENTS	--	307,615	--	307,615
TOTAL INVESTMENTS	21,559	1,772,795	471,604	2,265,958
OTHER ASSETS	--	9	--	9
PROPERTY, PLANT AND EQUIPMENT:				
FURNITURE AND EQUIPMENT	--	118	--	118
LESS ACCUMULATED DEPRECIATION	--	(71)	--	(71)
TOTAL PROPERTY, PLANT AND EQUIPMENT	--	47	--	47
TOTAL ASSETS	67,418	1,779,769	759,883	2,607,070
LIABILITIES				
ACCOUNTS PAYABLE	--	180	--	180
REFUNDS PAYABLE AND OTHER	--	57	--	57
TOTAL LIABILITIES	--	237	--	237
NET ASSETS HELD IN TRUST FOR INVESTMENT POOL PARTICIPANTS	\$ 67,418	\$ 1,779,532	\$ 759,883	\$ 2,606,833

* For the period ending December 31, 2011.

State of Louisiana

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

INVESTMENT TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	EDUCATION EXCELLENCE LOCAL GOVERNMENT INVESTMENT TRUST FUND	LOUISIANA ASSET MANAGEMENT POOL *	PATIENT'S COMPENSATION BOARD INVESTMENT TRUST FUND	TOTAL JUNE 30, 2012
ADDITIONS				
CONTRIBUTIONS:				
POOL PARTICIPANTS (DEPOSITS)	\$ 14,952	\$ 1,937,132	\$ 69,500	\$ 2,021,584
TOTAL CONTRIBUTIONS	14,952	1,937,132	69,500	2,021,584
INVESTMENT INCOME:				
NET INCREASE IN FAIR				
VALUE OF INVESTMENTS	25	335	15,695	16,055
INTEREST AND DIVIDENDS	470	3,368	12,588	16,426
GAIN ON SALE OF INVESTMENT	--	104	349	453
OTHER INVESTMENT INCOME (LOSS)	(23)	764	--	741
NET INVESTMENT INCOME	472	4,571	28,632	33,675
OTHER INCOME	1	--	--	1
TOTAL ADDITIONS	15,425	1,941,703	98,132	2,055,260
DEDUCTIONS				
ADMINISTRATIVE EXPENSES	--	2,135	--	2,135
DISTRIBUTIONS TO POOL PARTICIPANTS	21,275	2,029,806	17,500	2,068,581
TOTAL DEDUCTIONS	21,275	2,031,941	17,500	2,070,716
NET INCREASE (DECREASE) IN NET ASSETS	(5,850)	(90,238)	80,632	(15,456)
NET ASSETS HELD IN TRUST FOR INVESTMENT POOL PARTICIPANTS				
BEGINNING OF YEAR AS RESTATED	73,268	1,869,770	679,251	2,622,289
END OF YEAR	\$ 67,418	\$ 1,779,532	\$ 759,883	\$ 2,606,833

* For the period ending December 31, 2011.

State of Louisiana

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	DEBT SERVICE RESERVE FUND	ESCROW FUND	FREE SCHOOL FUND	FUTURE MEDICAL CARE FUND	INSURANCE TRUSTS
<u>ASSETS</u>					
CASH AND CASH EQUIVALENTS	\$ 3,602	\$ 329,634	\$ 4,109	\$ 10,022	\$ 1,154
INVESTMENTS	--	123,461	25,695	--	23,872
RECEIVABLES	--	137,382	567	--	2,109
OTHER ASSETS	--	--	--	--	697
TOTAL ASSETS	<u>\$ 3,602</u>	<u>\$ 590,477</u>	<u>\$ 30,371</u>	<u>\$ 10,022</u>	<u>\$ 27,832</u>
<u>LIABILITIES</u>					
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 3,602	\$ 429,235	\$ 29,802	\$ 10,022	\$ 27,694
OTHER LIABILITIES	--	161,242	569	--	138
TOTAL LIABILITIES	<u>\$ 3,602</u>	<u>\$ 590,477</u>	<u>\$ 30,371</u>	<u>\$ 10,022</u>	<u>\$ 27,832</u>

	MISCEL- LANEOUS AGENCY FUNDS	NON-STATE ENTITIES OPEB	PARISH ROYALTY FUND	PAYROLL CLEARING FUND	TOTAL JUNE 30, 2012
<u>ASSETS</u>					
CASH AND CASH EQUIVALENTS	\$ 18,158	\$ 48,129	\$ 18,277	\$ 105,384	\$ 538,469
INVESTMENTS	--	--	--	--	173,028
RECEIVABLES	--	6,440	4,986	--	151,484
OTHER ASSETS	--	--	--	--	697
TOTAL ASSETS	<u>\$ 18,158</u>	<u>\$ 54,569</u>	<u>\$ 23,263</u>	<u>\$ 105,384</u>	<u>\$ 863,678</u>
<u>LIABILITIES</u>					
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 18,158	\$ 36,951	\$ --	\$ 105,384	\$ 660,848
OTHER LIABILITIES	--	17,618	23,263	--	202,830
TOTAL LIABILITIES	<u>\$ 18,158</u>	<u>\$ 54,569</u>	<u>\$ 23,263</u>	<u>\$ 105,384</u>	<u>\$ 863,678</u>

State of Louisiana

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	BALANCE JULY 1, 2011	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2012
<u>DEBT SERVICE RESERVE FUND</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 3,602	\$ --	\$ --	\$ 3,602
TOTAL ASSETS	\$ 3,602	\$ --	\$ --	\$ 3,602
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 3,602	\$ --	\$ --	\$ 3,602
TOTAL LIABILITIES	\$ 3,602	\$ --	\$ --	\$ 3,602
<u>ESCROW FUND</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 236,069	\$ 1,287,199	\$ 1,193,634	\$ 329,634
INVESTMENTS	133,493	--	10,032	123,461
RECEIVABLES	130,337	137,382	130,337	137,382
TOTAL ASSETS	\$ 499,899	\$ 1,424,581	\$ 1,334,003	\$ 590,477
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 362,729	\$ 1,294,245	\$ 1,227,739	\$ 429,235
OTHER LIABILITIES	137,170	161,242	137,170	161,242
TOTAL LIABILITIES	\$ 499,899	\$ 1,455,487	\$ 1,364,909	\$ 590,477
<u>FREE SCHOOL FUND</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 4,735	\$ 7,224	\$ 7,850	\$ 4,109
INVESTMENTS	23,800	3,001	1,106	25,695
RECEIVABLES	413	219	65	567
TOTAL ASSETS	\$ 28,948	\$ 10,444	\$ 9,021	\$ 30,371
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 27,539	\$ 6,377	\$ 4,114	\$ 29,802
OTHER LIABILITIES	1,409	569	1,409	569
TOTAL LIABILITIES	\$ 28,948	\$ 6,946	\$ 5,523	\$ 30,371

(Continued)

State of Louisiana

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	BALANCE JULY 1, 2011	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2012
<u>FUTURE MEDICAL CARE FUND</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 9,329	\$ 1,981	\$ 1,288	\$ 10,022
TOTAL ASSETS	<u>\$ 9,329</u>	<u>\$ 1,981</u>	<u>\$ 1,288</u>	<u>\$ 10,022</u>
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 9,329	\$ 1,981	\$ 1,288	\$ 10,022
TOTAL LIABILITIES	<u>\$ 9,329</u>	<u>\$ 1,981</u>	<u>\$ 1,288</u>	<u>\$ 10,022</u>
<u>INSURANCE TRUSTS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,817	\$ 27,453	\$ 28,116	\$ 1,154
INVESTMENTS	42,535	332	18,995	23,872
RECEIVABLES	10,267	10,783	18,941	2,109
OTHER ASSETS	417	762	482	697
TOTAL ASSETS	<u>\$ 55,036</u>	<u>\$ 39,330</u>	<u>\$ 66,534</u>	<u>\$ 27,832</u>
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 54,675	\$ 39,192	\$ 66,173	\$ 27,694
OTHER LIABILITIES	361	138	361	138
TOTAL LIABILITIES	<u>\$ 55,036</u>	<u>\$ 39,330</u>	<u>\$ 66,534</u>	<u>\$ 27,832</u>
<u>MISCELLANEOUS AGENCY FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 18,032	\$ 74,869	\$ 74,743	\$ 18,158
TOTAL ASSETS	<u>\$ 18,032</u>	<u>\$ 74,869</u>	<u>\$ 74,743</u>	<u>\$ 18,158</u>
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 18,032	\$ 74,869	\$ 74,743	\$ 18,158
TOTAL LIABILITIES	<u>\$ 18,032</u>	<u>\$ 74,869</u>	<u>\$ 74,743</u>	<u>\$ 18,158</u>
<u>NON-STATE ENTITIES OPEB</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 63,369	\$ 183,014	\$ 198,254	\$ 48,129
RECEIVABLES	4,813	184,641	183,014	6,440
TOTAL ASSETS	<u>\$ 68,182</u>	<u>\$ 367,655</u>	<u>\$ 381,268</u>	<u>\$ 54,569</u>
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 54,333	\$ 184,641	\$ 202,023	\$ 36,951
OTHER LIABILITIES	13,849	202,023	198,254	17,618
TOTAL LIABILITIES	<u>\$ 68,182</u>	<u>\$ 386,664</u>	<u>\$ 400,277</u>	<u>\$ 54,569</u>

(Continued)

State of Louisiana

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	BALANCE JULY 1, 2011	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2012
<u>PARISH ROYALTY FUND</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 20,158	\$ 57,415	\$ 59,296	\$ 18,277
RECEIVABLES	6,408	4,986	6,408	4,986
TOTAL ASSETS	<u>\$ 26,566</u>	<u>\$ 62,401</u>	<u>\$ 65,704</u>	<u>\$ 23,263</u>
LIABILITIES:				
OTHER LIABILITIES	\$ 26,566	\$ 55,993	\$ 59,296	\$ 23,263
TOTAL LIABILITIES	<u>\$ 26,566</u>	<u>\$ 55,993</u>	<u>\$ 59,296</u>	<u>\$ 23,263</u>
<u>PAYROLL CLEARING FUND *</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 69,404	\$ 2,826,526	\$ 2,790,546	\$ 105,384
TOTAL ASSETS	<u>\$ 69,404</u>	<u>\$ 2,826,526</u>	<u>\$ 2,790,546</u>	<u>\$ 105,384</u>
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 69,404	\$ 2,826,526	\$ 2,790,546	\$ 105,384
TOTAL LIABILITIES	<u>\$ 69,404</u>	<u>\$ 2,826,526</u>	<u>\$ 2,790,546</u>	<u>\$ 105,384</u>
* Balance July 1, 2011 as restated				
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 426,515	\$ 4,465,681	\$ 4,353,727	\$ 538,469
INVESTMENTS	199,828	3,333	30,133	173,028
RECEIVABLES	152,238	338,011	338,765	151,484
OTHER ASSETS	417	762	482	697
TOTAL ASSETS	<u>\$ 778,998</u>	<u>\$ 4,807,787</u>	<u>\$ 4,723,107</u>	<u>\$ 863,678</u>
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 599,643	\$ 4,427,831	\$ 4,366,626	\$ 660,848
OTHER LIABILITIES	179,355	419,965	396,490	202,830
TOTAL LIABILITIES	<u>\$ 778,998</u>	<u>\$ 4,847,796</u>	<u>\$ 4,763,116</u>	<u>\$ 863,678</u>

(Concluded)

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR COMPONENT UNITS

JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	BOARDS AND COMMISSIONS	CAPITAL AREA HUMAN SERVICES DISTRICT	FLORIDA PARISHES HUMAN SERVICES AUTHORITY	GREATER BATON ROUGE PORT COMMISSION **	GREATER NEW ORLEANS EXPRESSWAY COMMISSION *	JEFFERSON PARISH HUMAN SERVICES AUTHORITY
ASSETS						
CURRENT ASSETS:						
CASH AND CASH EQUIVALENTS	\$ 6,582	\$ 3,306	\$ 1,348	\$ 6,742	\$ 9,155	\$ 11,230
RESTRICTED CASH AND CASH EQUIVALENTS	--	--	--	--	--	--
INVESTMENTS	950	--	--	11,132	899	--
RESTRICTED INVESTMENTS	--	--	--	740	--	--
RECEIVABLES (NET)	266	1,846	1,117	1,263	409	1,173
AMOUNTS DUE FROM PRIMARY GOVERNMENT	--	2,183	600	--	--	1,076
DUE FROM FEDERAL GOVERNMENT	--	396	84	--	--	--
INVENTORIES	--	--	221	--	856	88
PREPAYMENTS	3	12	13	54	674	--
NOTES RECEIVABLE	--	--	--	--	--	--
OTHER CURRENT ASSETS	--	--	--	667	--	--
TOTAL CURRENT ASSETS	7,801	7,743	3,383	20,598	11,993	13,567
NONCURRENT ASSETS:						
RESTRICTED ASSETS:						
CASH	--	--	--	--	12,735	--
INVESTMENTS	--	--	--	--	10,466	--
RECEIVABLES (NET)	--	--	--	--	4,440	--
INVESTMENTS	23,074	--	--	--	--	--
NOTES RECEIVABLE	--	--	--	--	--	--
CAPITAL ASSETS (NOTE 5)						
LAND	402	--	--	8,109	--	--
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	646	--	--	27,746	3,140	81
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	143	273	377	3,394	2,609	321
INFRASTRUCTURE (NET OF DEPRECIATION)	--	--	--	7,859	104,324	--
INTANGIBLE ASSETS (NET OF AMORTIZATION)	--	--	--	--	--	--
CONSTRUCTION IN PROGRESS	--	--	--	10,266	--	2,030
OTHER NONCURRENT ASSETS				117	1,410	--
TOTAL NONCURRENT ASSETS	24,265	273	377	57,491	139,124	2,432
TOTAL ASSETS	\$ 32,066	\$ 8,016	\$ 3,760	\$ 78,089	\$ 151,117	\$ 15,999
LIABILITIES						
CURRENT LIABILITIES:						
ACCOUNTS PAYABLE AND ACCRUALS	\$ 391	\$ 1,225	\$ 734	\$ 499	\$ 609	\$ 1,240
DEFERRED INFLOW OF RESOURCES	--	--	--	--	--	--
AMOUNTS DUE TO PRIMARY GOVERNMENT	--	659	195	--	--	--
DEFERRED REVENUES	874	--	--	821	1,069	--
OTHER CURRENT LIABILITIES	24	--	--	49	1,203	47
CURRENT PORTION OF LONG-TERM LIABILITIES:						
CONTRACTS PAYABLE	--	--	--	399	431	--
COMPENSATED ABSENCES PAYABLE	46	908	365	109	--	--
CAPITAL LEASE OBLIGATIONS	--	--	--	--	--	--
ESTIMATED LIABILITY FOR CLAIMS	--	--	--	--	--	--
NOTES PAYABLE	--	--	--	490	--	--
BONDS PAYABLE	--	--	--	--	2,335	--
OTHER LONG-TERM LIABILITIES	--	--	--	--	--	--
TOTAL CURRENT LIABILITIES	1,335	2,792	1,294	2,367	5,647	1,287
LONG-TERM LIABILITIES:						
NONCURRENT PORTION OF LONG-TERM LIABILITIES:						
CONTRACTS PAYABLE	--	--	--	--	--	--
COMPENSATED ABSENCES PAYABLE	205	450	617	157	1,373	873
CAPITAL LEASE OBLIGATIONS	--	--	--	--	--	--
ESTIMATED LIABILITY FOR CLAIMS	--	--	--	--	628	--
NOTES PAYABLE	--	--	--	4,344	--	--
BONDS PAYABLE	--	--	--	--	51,484	--
OPEB PAYABLE	2,508	13,318	7,114	2,116	3,064	9,056
POLLUTION REMEDIATION OBLIGATIONS	--	--	--	80	--	--
OTHER LONG-TERM LIABILITIES	--	--	--	--	1,184	--
TOTAL LONG-TERM LIABILITIES	2,713	13,768	7,731	6,697	57,733	9,929
TOTAL LIABILITIES	4,048	16,560	9,025	9,064	63,380	11,216
NET ASSETS:						
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	1,191	273	377	52,539	56,254	2,432
RESTRICTED FOR:						
CAPITAL PROJECTS	--	--	--	--	11,894	--
DEBT SERVICE	--	--	--	116	14,112	--
OTHER PURPOSES	60	--	--	--	--	--
UNRESTRICTED	26,767	(8,817)	(5,642)	16,370	5,477	2,351
TOTAL NET ASSETS	28,018	(8,544)	(5,265)	69,025	87,737	4,783
TOTAL LIABILITIES AND NET ASSETS	\$ 32,066	\$ 8,016	\$ 3,760	\$ 78,089	\$ 151,117	\$ 15,999

* As of October 31, 2011.

** As of December 31, 2011.

State of Louisiana

KENNER NAVAL MUSEUM COMMISSION	LOUISIANA AGRICULTURAL FINANCE AUTHORITY	LOUISIANA CANCER RESEARCH CENTER	LOUISIANA ECONOMIC DEVELOPMENT CORPORATION	LOUISIANA NAVAL WAR MEMORIAL COMMISSION **	LOUISIANA PUBLIC FACILITIES AUTHORITY **	METROPOLITAN HUMAN SERVICES DISTRICT	OTHER LEEVEE DISTRICTS	OUACHITA EXPRESSWAY AUTHORITY
\$ 2	\$ 3,805	\$ 13,733	\$ 18,027	\$ 101	\$ 12,284	\$ 4,493	\$ 35,930	\$ 4
--	--	--	--	--	--	--	33	--
--	--	11,141	--	--	1,089	--	54,877	--
--	--	--	--	--	--	--	--	--
--	2,788	7,872	1,967	--	2,472	274	9,586	--
--	--	513	--	--	--	835	8	--
--	--	--	--	--	--	603	--	--
--	--	--	--	18	--	865	31	--
--	47	1,259	--	15	10	13	281	--
--	8,495	--	345	--	--	--	15	--
--	203	52	9,312	--	--	--	13	--
<u>2</u>	<u>15,338</u>	<u>34,570</u>	<u>29,651</u>	<u>134</u>	<u>15,855</u>	<u>7,083</u>	<u>100,774</u>	<u>4</u>
--	4,428	--	--	--	--	--	19,690	--
--	--	--	--	--	--	--	12,000	--
--	--	--	--	--	6,315	--	--	--
--	6,438	--	29,417	--	17,620	--	10,483	--
--	12,626	--	1,411	--	--	--	--	--
--	6,857	672	--	269	--	--	7,042	--
--	37,746	--	--	2,026	--	--	6,960	--
--	3,830	2,605	--	17	58	439	11,248	--
--	--	--	--	--	--	--	75,482	--
--	--	--	--	--	--	--	--	--
--	2,760	84,604	--	--	--	--	6,367	--
--	864	--	8,098	--	--	--	982	--
<u>--</u>	<u>75,549</u>	<u>87,881</u>	<u>38,926</u>	<u>2,312</u>	<u>23,993</u>	<u>439</u>	<u>150,254</u>	<u>--</u>
<u>\$ 2</u>	<u>\$ 90,887</u>	<u>\$ 122,451</u>	<u>\$ 68,577</u>	<u>\$ 2,446</u>	<u>\$ 39,848</u>	<u>\$ 7,522</u>	<u>\$ 251,028</u>	<u>\$ 4</u>
\$ --	\$ 1,127	\$ 4,671	\$ 1,479	\$ 3	\$ 416	\$ 1,854	\$ 2,134	\$ --
--	--	--	4,204	--	--	--	--	--
--	--	486	--	--	--	1,347	--	--
--	5	--	--	7	--	--	1,255	--
--	--	--	--	--	--	--	150	--
--	8,495	--	--	--	--	--	2,605	--
--	--	--	26	--	--	524	71	--
--	--	--	--	--	--	--	31	--
--	1,280	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	9,377	--	--	--	--	--	600	--
--	858	--	--	--	41	--	--	--
<u>--</u>	<u>21,142</u>	<u>5,157</u>	<u>5,709</u>	<u>10</u>	<u>457</u>	<u>3,725</u>	<u>6,846</u>	<u>--</u>
--	19,115	--	--	--	--	--	--	--
--	--	--	--	28	--	270	1,065	--
--	--	--	--	--	--	--	16	--
--	--	--	--	--	--	--	1,793	--
--	7,847	--	--	--	--	--	--	--
--	44,210	--	--	--	--	--	3,590	--
--	--	--	--	278	--	5,426	13,501	--
--	--	--	--	--	--	--	--	--
--	--	--	1,360	--	2,064	--	--	--
<u>--</u>	<u>71,172</u>	<u>--</u>	<u>1,360</u>	<u>306</u>	<u>2,064</u>	<u>5,696</u>	<u>19,965</u>	<u>--</u>
<u>--</u>	<u>92,314</u>	<u>5,157</u>	<u>7,069</u>	<u>316</u>	<u>2,521</u>	<u>9,421</u>	<u>26,811</u>	<u>--</u>
--	--	87,881	--	2,312	58	439	107,052	--
--	--	--	--	--	--	--	18,543	--
--	3,533	--	--	--	--	--	--	--
--	895	--	--	--	--	--	17,982	--
<u>2</u>	<u>(5,855)</u>	<u>29,413</u>	<u>61,508</u>	<u>(182)</u>	<u>37,269</u>	<u>(2,338)</u>	<u>80,640</u>	<u>4</u>
<u>2</u>	<u>(1,427)</u>	<u>117,294</u>	<u>61,508</u>	<u>2,130</u>	<u>37,327</u>	<u>(1,899)</u>	<u>224,217</u>	<u>4</u>
<u>\$ 2</u>	<u>\$ 90,887</u>	<u>\$ 122,451</u>	<u>\$ 68,577</u>	<u>\$ 2,446</u>	<u>\$ 39,848</u>	<u>\$ 7,522</u>	<u>\$ 251,028</u>	<u>\$ 4</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR COMPONENT UNITS

JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	ROAD HOME CORPORATION	SABINE RIVER AUTHORITY	SOUTH CENTRAL LOUISIANA HUMAN SERVICES AUTHORITY	SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY- EAST AND WEST	WHITE LAKE PRESERVATION, INCORPORATED	TOTAL NONMAJOR COMPONENT UNITS
ASSETS						
CURRENT ASSETS:						
CASH AND CASH EQUIVALENTS	\$ 613	\$ 6,664	\$ 90	\$ 126,907	\$ 14	\$ 261,030
RESTRICTED CASH AND CASH EQUIVALENTS	--	--	--	2,844	--	2,877
INVESTMENTS	--	1,950	--	5,536	--	87,574
RESTRICTED INVESTMENTS	--	--	--	--	--	740
RECEIVABLES (NET)	6,758	1,664	183	8,513	--	48,151
AMOUNTS DUE FROM PRIMARY GOVERNMENT	--	--	2,939	3,513	--	11,667
DUE FROM FEDERAL GOVERNMENT	--	--	78	607	--	1,768
INVENTORIES	--	--	483	504	--	3,066
PREPAYMENTS	205	23	8	--	--	2,617
NOTES RECEIVABLE	--	--	--	--	--	8,855
OTHER CURRENT ASSETS	--	--	--	595	--	10,842
TOTAL CURRENT ASSETS	<u>7,576</u>	<u>10,301</u>	<u>3,781</u>	<u>149,019</u>	<u>14</u>	<u>439,187</u>
NONCURRENT ASSETS:						
RESTRICTED ASSETS:						
CASH	--	11,350	--	--	--	48,203
INVESTMENTS	--	--	--	--	--	22,466
RECEIVABLES (NET)	--	--	--	--	--	10,755
INVESTMENTS	--	--	--	--	--	87,032
NOTES RECEIVABLE	--	--	--	--	--	14,037
CAPITAL ASSETS (NOTE 5)						
LAND	74,715	1,430	--	41,891	--	141,387
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	--	29,921	--	61,643	--	169,909
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	66	1,345	428	4,988	--	32,141
INFRASTRUCTURE (NET OF DEPRECIATION)	--	18,565	--	98,785	--	305,015
INTANGIBLE ASSETS (NET OF AMORTIZATION)	--	4,292	--	--	--	4,292
CONSTRUCTION IN PROGRESS	--	643	--	24,891	--	131,561
OTHER NONCURRENT ASSETS	203	101	--	--	--	11,775
TOTAL NONCURRENT ASSETS	<u>74,984</u>	<u>67,647</u>	<u>428</u>	<u>232,198</u>	<u>--</u>	<u>978,573</u>
TOTAL ASSETS	<u>\$ 82,560</u>	<u>\$ 77,948</u>	<u>\$ 4,209</u>	<u>\$ 381,217</u>	<u>\$ 14</u>	<u>\$ 1,417,760</u>
LIABILITIES						
CURRENT LIABILITIES:						
ACCOUNTS PAYABLE AND ACCRUALS	\$ 7,955	\$ 202	\$ 1,740	\$ 7,404	\$ --	\$ 33,683
DEFERRED INFLOW OF RESOURCES	--	--	--	--	--	4,204
AMOUNTS DUE TO PRIMARY GOVERNMENT	--	--	1,202	--	--	3,889
DEFERRED REVENUES	--	475	--	219	--	4,725
OTHER CURRENT LIABILITIES	25	--	--	--	--	1,498
CURRENT PORTION OF LONG-TERM LIABILITIES:						
CONTRACTS PAYABLE	--	--	--	1,158	--	13,088
COMPENSATED ABSENCES PAYABLE	--	219	578	449	--	3,295
CAPITAL LEASE OBLIGATIONS	--	--	--	--	--	31
ESTIMATED LIABILITY FOR CLAIMS	--	--	--	2,629	--	3,909
NOTES PAYABLE	--	--	--	1,244	--	1,734
BONDS PAYABLE	--	1,816	--	400	--	14,528
OTHER LONG-TERM LIABILITIES	--	--	--	1,194	--	2,093
TOTAL CURRENT LIABILITIES	<u>7,980</u>	<u>2,712</u>	<u>3,520</u>	<u>14,697</u>	<u>--</u>	<u>86,677</u>
LONG-TERM LIABILITIES:						
NONCURRENT PORTION OF LONG-TERM LIABILITIES:						
CONTRACTS PAYABLE	--	--	--	--	--	19,115
COMPENSATED ABSENCES PAYABLE	131	--	190	903	--	6,262
CAPITAL LEASE OBLIGATIONS	--	--	--	--	--	16
ESTIMATED LIABILITY FOR CLAIMS	--	--	--	19,967	--	22,388
NOTES PAYABLE	--	--	--	24,882	--	37,073
BONDS PAYABLE	--	10,119	--	--	--	109,403
OPEB PAYABLE	--	2,217	1,841	9,191	--	69,630
POLLUTION REMEDIATION OBLIGATIONS	--	--	--	--	--	80
OTHER LONG-TERM LIABILITIES	--	--	--	726	--	5,334
TOTAL LONG-TERM LIABILITIES	<u>131</u>	<u>12,336</u>	<u>2,031</u>	<u>55,669</u>	<u>--</u>	<u>269,301</u>
TOTAL LIABILITIES	<u>8,111</u>	<u>15,048</u>	<u>5,551</u>	<u>70,366</u>	<u>--</u>	<u>355,978</u>
NET ASSETS:						
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	74,781	44,261	428	231,798	--	662,076
RESTRICTED FOR:						
CAPITAL PROJECTS	--	--	--	1,168	--	31,605
DEBT SERVICE	--	220	--	26,126	--	44,107
OTHER PURPOSES	--	--	--	893	--	19,830
UNRESTRICTED	(332)	18,419	(1,770)	50,866	14	304,164
TOTAL NET ASSETS	<u>74,449</u>	<u>62,900</u>	<u>(1,342)</u>	<u>310,851</u>	<u>14</u>	<u>1,061,782</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 82,560</u>	<u>\$ 77,948</u>	<u>\$ 4,209</u>	<u>\$ 381,217</u>	<u>\$ 14</u>	<u>\$ 1,417,760</u>

* As of October 31, 2011.

** As of December 31, 2011.

(Concluded)

COMBINING STATEMENT OF ACTIVITIES

NONMAJOR COMPONENT UNITS

FOR THE YEAR ENDED JUNE 30, 2012

(EXPRESSED IN THOUSANDS)

	PROGRAM REVENUES				
	EXPENSES	CHARGES FOR SERVICES	OPERATING	CAPITAL	NET (EXPENSE) REVENUE
			GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS	
NONMAJOR COMPONENT UNITS:					
BOARDS AND COMMISSIONS	\$ 8,601	\$ 8,030	\$ --	\$ --	\$ (571)
CAPITAL AREA HUMAN SERVICES DISTRICT	36,203	2,060	--	--	(34,143)
FLORIDA PARISHES HUMAN SERVICES AUTHORITY	20,578	347	--	--	(20,231)
GREATER BATON ROUGE PORT COMMISSION **	7,569	5,892	--	5,406	3,729
GREATER NEW ORLEANS EXPRESSWAY COMMISSION *	21,011	16,019	--	--	(4,992)
JEFFERSON PARISH HUMAN SERVICES AUTHORITY	29,208	4,807	3,678	--	(20,723)
KENNER NAVAL MUSEUM COMMISSION	3	--	--	--	(3)
LOUISIANA AGRICULTURAL FINANCE AUTHORITY	83,289	2,993	14,576	--	(65,720)
LOUISIANA CANCER RESEARCH CENTER	14,463	--	16,290	6,385	8,212
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION	35,252	2,986	144	--	(32,122)
LOUISIANA NAVAL WAR MEMORIAL COMMISSION **	1,065	647	233	--	(185)
LOUISIANA PUBLIC FACILITIES AUTHORITY **	2,552	3,072	--	--	520
METROPOLITAN HUMAN SERVICES DISTRICT	28,333	1,590	--	--	(26,743)
OTHER LEVEE DISTRICTS	53,386	433	8,690	5,344	(38,919)
OUACHITA EXPRESSWAY AUTHORITY	--	--	--	--	--
ROAD HOME CORPORATION	89,037	--	29,965	2,397	(56,675)
SABINE RIVER AUTHORITY	8,306	8,459	--	--	153
SOUTH CENTRAL LOUISIANA HUMAN SERVICES AUTHORITY	24,512	312	--	--	(24,200)
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY- EAST AND WEST	62,536	5,251	2,880	17,590	(36,815)
WHITE LAKE PRESERVATION, INCORPORATED	--	--	--	--	--
TOTAL NONMAJOR COMPONENT UNITS	\$ 525,904	\$ 62,898	\$ 76,456	\$ 37,122	\$ (349,428)

	GENERAL REVENUES		CHANGE IN NET ASSETS	NET ASSETS	
	PAYMENTS FROM PRIMARY GOVERNMENT	OTHER GENERAL REVENUES		BEGINNING OF YEAR AS RESTATED	NET ASSETS END OF YEAR
NONMAJOR COMPONENT UNITS:					
BOARDS AND COMMISSIONS	\$ 360	\$ 809	\$ 598	\$ 27,420	\$ 28,018
CAPITAL AREA HUMAN SERVICES DISTRICT	29,864	670	(3,609)	(4,935)	(8,544)
FLORIDA PARISHES HUMAN SERVICES AUTHORITY	19,572	140	(519)	(4,746)	(5,265)
GREATER BATON ROUGE PORT COMMISSION **	--	604	4,333	64,692	69,025
GREATER NEW ORLEANS EXPRESSWAY COMMISSION *	--	5,661	669	87,068	87,737
JEFFERSON PARISH HUMAN SERVICES AUTHORITY	21,322	1,703	2,302	2,481	4,783
KENNER NAVAL MUSEUM COMMISSION	--	3	--	2	2
LOUISIANA AGRICULTURAL FINANCE AUTHORITY	--	--	(65,720)	64,293	(1,427)
LOUISIANA CANCER RESEARCH CENTER	--	329	8,541	108,753	117,294
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION	--	9,798	(22,324)	83,832	61,508
LOUISIANA NAVAL WAR MEMORIAL COMMISSION **	--	4	(181)	2,311	2,130
LOUISIANA PUBLIC FACILITIES AUTHORITY **	--	817	1,337	35,990	37,327
METROPOLITAN HUMAN SERVICES DISTRICT	26,538	1,635	1,430	(3,329)	(1,899)
OTHER LEVEE DISTRICTS	3,548	50,937	15,566	208,651	224,217
OUACHITA EXPRESSWAY AUTHORITY	--	--	--	4	4
ROAD HOME CORPORATION	--	--	(56,675)	131,124	74,449
SABINE RIVER AUTHORITY	--	180	333	62,567	62,900
SOUTH CENTRAL LOUISIANA HUMAN SERVICES AUTHORITY	24,124	541	465	(1,807)	(1,342)
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY- EAST AND WEST	9,989	52,241	25,415	285,436	310,851
WHITE LAKE PRESERVATION, INCORPORATED	--	--	--	14	14
TOTAL NONMAJOR COMPONENT UNITS	\$ 135,317	\$ 126,072	\$ (88,039)	\$ 1,149,821	\$ 1,061,782

* For the period ending October 31, 2011.

** For the period ending December 31, 2011.



III. STATISTICAL SECTION

Statistical Section Index

This part of the Louisiana comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Louisiana's overall financial health.

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Financial Trends These schedules contain trend information to help the reader understand how Louisiana's financial performance and well-being have changed over time.	160
Revenue Capacity These schedules contain information to help the reader assess Louisiana's most significant state revenue source, income tax.	170
Debt Capacity These schedules present information to help the reader assess the affordability of Louisiana's current levels of outstanding debt and Louisiana's ability to issue additional debt in the future.	175
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which Louisiana's financial activities take place.	180
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in Louisiana's financial report relates to the services Louisiana provides and the activities it performs.	182

State of Louisiana

NET ASSETS BY COMPONENT LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(EXPRESSED IN THOUSANDS)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
GOVERNMENTAL ACTIVITIES				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$ 11,466,833	\$ 11,862,399	\$ 14,737,911	\$ 14,091,358
RESTRICTED	4,580,471	5,008,705	5,096,314	5,489,526
UNRESTRICTED	<u>(3,914,614)</u>	<u>(3,341,575)</u>	<u>(2,318,148)</u>	<u>(1,059,178)</u>
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	<u>\$ 12,132,690</u>	<u>\$ 13,529,529</u>	<u>\$ 17,516,077</u>	<u>\$ 18,521,706</u>
BUSINESS-TYPE ACTIVITIES				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$ 200,294	\$ 218,826	\$ 170,960	\$ 119,033
RESTRICTED	839,363	906,600	1,048,285	1,417,455
UNRESTRICTED	<u>1,042,012</u>	<u>896,531</u>	<u>772,984</u>	<u>964,436</u>
TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS	<u>\$ 2,081,669</u>	<u>\$ 2,021,957</u>	<u>\$ 1,992,229</u>	<u>\$ 2,500,924</u>
PRIMARY GOVERNMENT				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$ 11,667,127	\$ 12,081,225	\$ 14,908,871	\$ 14,210,391
RESTRICTED	5,419,834	5,915,305	6,144,599	6,906,981
UNRESTRICTED	<u>(2,872,602)</u>	<u>(2,445,044)</u>	<u>(1,545,164)</u>	<u>(94,742)</u>
TOTAL PRIMARY GOVERNMENT NET ASSETS	<u>\$ 14,214,359</u>	<u>\$ 15,551,486</u>	<u>\$ 19,508,306</u>	<u>\$ 21,022,630</u>

Source: Office of Statewide Reporting and Accounting Policy

State of Louisiana

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 12,780,381	\$ 11,841,240	\$ 11,304,859	\$ 10,982,851	\$ 10,438,398	\$ 9,963,831
5,214,389	5,504,064	6,988,644	6,825,025	5,750,785	5,513,915
<u>682,749</u>	<u>379,890</u>	<u>(3,460,580)</u>	<u>(4,449,263)</u>	<u>(4,065,966)</u>	<u>(2,982,946)</u>
<u>\$ 18,677,519</u>	<u>\$ 17,725,194</u>	<u>\$ 14,832,923</u>	<u>\$ 13,358,613</u>	<u>\$ 12,123,217</u>	<u>\$ 12,494,800</u>
\$ 19,755	\$ 22,290	\$ 22,353	\$ 20,251	\$ 21,512	\$ 22,036
1,572,760	1,476,729	1,407,337	1,547,700	1,573,788	1,602,480
<u>940,801</u>	<u>905,398</u>	<u>467,360</u>	<u>433,632</u>	<u>397,431</u>	<u>369,811</u>
<u>\$ 2,533,316</u>	<u>\$ 2,404,417</u>	<u>\$ 1,897,050</u>	<u>\$ 2,001,583</u>	<u>\$ 1,992,731</u>	<u>\$ 1,994,327</u>
\$ 12,800,136	\$ 11,863,530	\$ 11,327,212	\$ 11,003,102	\$ 10,459,910	\$ 9,985,867
6,787,149	6,980,793	8,395,981	8,372,725	7,324,573	7,116,395
<u>1,623,550</u>	<u>1,285,288</u>	<u>(2,993,220)</u>	<u>(4,015,631)</u>	<u>(3,668,535)</u>	<u>(2,613,135)</u>
<u>\$ 21,210,835</u>	<u>\$ 20,129,611</u>	<u>\$ 16,729,973</u>	<u>\$ 15,360,196</u>	<u>\$ 14,115,948</u>	<u>\$ 14,489,127</u>

State of Louisiana

CHANGES IN NET ASSETS LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(EXPRESSED IN THOUSANDS)

	2012	2011	2010	2009
EXPENSES				
GOVERNMENTAL ACTIVITIES:				
GENERAL GOVERNMENT	\$ 5,308,576	\$ 6,497,216	\$ 5,896,826	\$ 6,972,403
CULTURE, RECREATION, AND TOURISM	92,741	110,078	86,845	122,928
TRANSPORTATION AND DEVELOPMENT	1,500,182	1,370,238	1,111,846	1,286,404
PUBLIC SAFETY	326,627	337,149	349,369	371,326
HEALTH AND WELFARE	9,769,203	9,335,925	10,248,151	9,671,816
CORRECTIONS	633,544	671,436	686,957	727,095
YOUTH SERVICES	116,791	134,274	152,562	170,678
CONSERVATION AND ENVIRONMENT	364,234	372,703	595,690	499,648
EDUCATION	6,614,109	6,602,774	6,599,451	7,136,960
OTHER	25,407	49,174	45,821	66,424
INTERGOVERNMENTAL	505,680	430,763	398,377	485,875
INTEREST ON LONG-TERM DEBT	332,586	284,395	299,326	304,763
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES	25,589,680	26,196,125	26,471,221	27,816,320
BUSINESS-TYPE ACTIVITIES:				
PATIENT'S COMPENSATION FUND OVERSIGHT BOARD	--	126,324	160,427	--
UNEMPLOYMENT TRUST FUND	537,217	761,747	985,779	455,910
NONMAJOR ENTERPRISE FUNDS	107,503	123,340	344,750	335,166
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES	644,720	1,011,411	1,490,956	791,076
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 26,234,400	\$ 27,207,536	\$ 27,962,177	\$ 28,607,396
PROGRAM REVENUES				
GOVERNMENTAL ACTIVITIES:				
CHARGES FOR SERVICES				
GENERAL GOVERNMENT	\$ 1,579,216	\$ 1,906,708	\$ 1,962,589	\$ 2,029,900
CULTURE, RECREATION, AND TOURISM	11,246	10,932	17,281	8,984
TRANSPORTATION AND DEVELOPMENT	122,485	88,817	70,665	230,874
PUBLIC SAFETY	323,089	279,280	280,500	303,813
HEALTH AND WELFARE	274,054	208,998	295,799	215,112
CORRECTIONS	40,780	39,958	38,520	39,018
YOUTH SERVICES	2,789	1,490	--	7,827
CONSERVATION AND ENVIRONMENT	757,891	966,275	688,756	905,157
EDUCATION	38,915	5,518	60,329	41,544
INTERGOVERNMENTAL	1,471	1,733	1,425	1,244
OPERATING GRANTS AND CONTRIBUTIONS	11,707,327	11,390,940	11,138,352	11,068,209
CAPITAL GRANTS AND CONTRIBUTIONS	1,076,896	2,403,996	2,526,649	3,010,693
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUES	15,936,159	17,304,645	17,080,865	17,862,375
BUSINESS-TYPE ACTIVITIES:				
CHARGES FOR SERVICES				
PATIENT'S COMPENSATION FUND OVERSIGHT BOARD	--	187,259	183,576	--
UNEMPLOYMENT TRUST FUND	266,907	281,951	245,023	227,260
NONMAJOR ENTERPRISE FUNDS	95,016	98,066	465,146	475,022
OPERATING GRANTS AND CONTRIBUTIONS	212,490	376,724	412,463	99,339
CAPITAL GRANTS AND CONTRIBUTIONS	49,127	107,519	68,045	86,934
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES	623,540	1,051,519	1,374,253	888,555
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 16,559,699	\$ 18,356,164	\$ 18,455,118	\$ 18,750,930

Source: Office of Statewide Reporting and Accounting Policy

(Continued)

State of Louisiana

	2008		2007		2006		2005		2004		2003
\$	8,693,766	\$	7,492,929	\$	4,806,262	\$	2,655,471	\$	2,620,442	\$	2,726,764
	148,178		100,246		66,927		69,415		63,512		69,659
	1,052,169		889,606		1,054,044		835,901		820,757		807,856
	331,086		337,962		301,338		271,118		225,307		291,283
	8,615,435		7,626,096		7,412,815		7,458,289		7,267,104		6,805,797
	649,858		540,284		550,627		664,961		640,371		625,391
	165,840		121,335		116,975		--		--		--
	439,009		331,891		283,692		297,097		289,712		274,926
	6,871,321		6,085,878		5,514,318		5,310,194		5,162,768		4,789,472
	43,217		40,008		26,251		33,833		16,048		4,793
	540,505		182,741		1,037,043		375,373		354,846		362,099
	297,201		296,223		230,976		216,750		216,514		149,798
	<u>27,847,585</u>		<u>24,045,199</u>		<u>21,401,268</u>		<u>18,188,402</u>		<u>17,677,381</u>		<u>16,907,838</u>
	--		--		--		--		--		--
	189,095		185,308		823,987		264,458		338,910		372,160
	<u>333,801</u>		<u>307,483</u>		<u>298,879</u>		<u>274,268</u>		<u>327,375</u>		<u>297,902</u>
	522,896		492,791		1,122,866		538,726		666,285		670,062
\$	<u>28,370,481</u>	\$	<u>24,537,990</u>	\$	<u>22,524,134</u>	\$	<u>18,727,128</u>	\$	<u>18,343,666</u>	\$	<u>17,577,900</u>
\$	2,063,639	\$	2,116,712	\$	2,017,870	\$	1,905,839	\$	1,597,757	\$	1,717,172
	33,232		34,932		30,531		29,145		27,435		23,696
	222,756		197,283		79,099		136,642		65,507		74,451
	306,615		273,481		276,020		271,052		252,990		253,206
	278,254		266,603		187,920		305,674		581,160		533,205
	32,553		41,657		33,926		33,407		36,376		36,878
	584		1,073		513		--		--		--
	1,046,365		841,171		653,286		647,685		618,354		513,999
	31,158		30,058		49,735		39,783		50,026		23,496
	1,246		1,027		954		1,396		1,273		1,265
	8,848,637		8,962,433		9,323,509		7,052,411		6,914,691		6,369,929
	5,405,015		3,964,479		978,072		520,376		552,527		578,082
	<u>18,270,054</u>		<u>16,730,909</u>		<u>13,631,435</u>		<u>10,943,410</u>		<u>10,698,096</u>		<u>10,125,379</u>
	--		--		--		--		--		--
	237,406		249,631		264,349		267,602		255,914		252,430
	468,369		447,678		422,489		385,309		445,427		412,562
	2,695		3,800		419,438		7,104		46,221		70,249
	<u>41,003</u>		<u>19,355</u>		<u>16,588</u>		<u>21,188</u>		<u>30,344</u>		<u>15,221</u>
	749,473		720,464		1,122,864		681,203		777,906		750,462
\$	<u>19,019,527</u>	\$	<u>17,451,373</u>	\$	<u>14,754,299</u>	\$	<u>11,624,613</u>	\$	<u>11,476,002</u>	\$	<u>10,875,841</u>

State of Louisiana

CHANGES IN NET ASSETS LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(EXPRESSED IN THOUSANDS)

	2012	2011	2010	2009
NET (EXPENSE) REVENUE				
GOVERNMENTAL ACTIVITIES	\$ (9,653,521)	\$ (8,891,480)	\$ (9,390,356)	\$ (9,953,945)
BUSINESS-TYPE ACTIVITIES	(21,180)	40,108	(116,703)	97,479
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	<u>\$ (9,674,701)</u>	<u>\$ (8,851,372)</u>	<u>\$ (9,507,059)</u>	<u>\$ (9,856,466)</u>

GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS

GOVERNMENTAL ACTIVITIES:

INCOME TAXES	\$ 2,876,011	\$ 2,665,804	\$ 2,491,144	\$ 3,630,547
SALES TAXES	2,860,313	2,821,598	2,560,775	3,016,254
SEVERANCE TAXES	850,685	748,355	776,464	876,579
GASOLINE TAXES, restricted for transportation	596,052	639,452	624,554	599,192
TOBACCO TAXES	133,194	142,064	135,927	105,469
MISCELLANEOUS TAXES	726,074	645,990	657,962	762,360
TOBACCO SETTLEMENT, restricted for education, health and welfare	146,620	140,978	142,279	71,966
GAMING	828,010	823,418	668,235	715,443
UNRESTRICTED INVESTMENT EARNINGS	(80,613)	(4,208)	(9,301)	(12,169)
MISCELLANEOUS	3,548	3,123	338	330
OTHER	7,032	7,950	6,873	134,502
EXTRAORDINARY ITEM - loss on impairment of capital assets	--	--	--	(2,406)
TRANSFERS	77,050	1,609	141,615	142,066
TOTAL GOVERNMENTAL ACTIVITIES	<u>9,023,976</u>	<u>8,636,133</u>	<u>8,196,865</u>	<u>10,040,133</u>

BUSINESS-TYPE ACTIVITIES:

OTHER	3,739	14,483	21,732	7,450
EXTRAORDINARY ITEM - gain (loss) on impairment of capital assets	--	--	--	--
TRANSFERS	(77,050)	(1,609)	(141,615)	(142,066)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>(73,311)</u>	<u>12,874</u>	<u>(119,883)</u>	<u>(134,616)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 8,950,665</u>	<u>\$ 8,649,007</u>	<u>\$ 8,076,982</u>	<u>\$ 9,905,517</u>

CHANGE IN NET ASSETS

GOVERNMENTAL ACTIVITIES	\$ (629,545)	\$ (255,347)	\$ (1,193,491)	\$ 86,188
BUSINESS-TYPE ACTIVITIES	(94,491)	52,982	(236,586)	(37,137)
TOTAL PRIMARY GOVERNMENT	<u>\$ (724,036)</u>	<u>\$ (202,365)</u>	<u>\$ (1,430,077)</u>	<u>\$ 49,051</u>

(Concluded)

State of Louisiana

2008	2007	2006	2005	2004	2003
\$ (9,577,531)	\$ (7,314,290)	\$ (7,769,833)	\$ (7,244,992)	\$ (6,979,285)	\$ (6,782,459)
226,577	227,673	(2)	142,477	111,621	80,400
\$ (9,350,954)	\$ (7,086,617)	\$ (7,769,835)	\$ (7,102,515)	\$ (6,867,664)	\$ (6,702,059)
\$ 3,869,834	\$ 4,140,496	\$ 3,129,906	\$ 3,030,085	\$ 2,457,114	\$ 2,022,765
3,147,604	3,059,073	3,108,824	2,483,101	2,455,444	2,489,153
1,095,244	916,125	714,279	681,836	540,205	427,436
604,683	617,498	621,683	590,286	559,274	446,706
96,314	104,051	96,872	105,476	102,231	82,217
806,213	820,904	660,619	689,039	583,789	663,339
64,294	61,016	50,102	57,249	58,987	66,234
742,518	726,165	711,378	624,271	596,693	578,152
(3,601)	6,071	25,739	4,127	28,518	76,586
310	6,105	--	8,940	18,682	114,379
141,410	13,337	23,924	14,148	--	786
--	--	(24,464)	--	--	--
132,219	(270,126)	119,977	108,582	120,808	108,596
10,697,042	10,200,715	9,238,839	8,397,140	7,521,745	7,076,349
12,784	9,568	13,505	3,232	4,824	8,297
--	--	186	--	--	--
(132,219)	270,126	(119,977)	(108,582)	(120,808)	(108,596)
(119,435)	279,694	(106,286)	(105,350)	(115,984)	(100,299)
\$ 10,577,607	\$ 10,480,409	\$ 9,132,553	\$ 8,291,790	\$ 7,405,761	\$ 6,976,050
\$ 1,119,511	\$ 2,886,425	\$ 1,469,006	\$ 1,152,148	\$ 542,460	\$ 293,890
107,142	507,367	(106,288)	37,127	(4,363)	(19,899)
\$ 1,226,653	\$ 3,393,792	\$ 1,362,718	\$ 1,189,275	\$ 538,097	\$ 273,991

State of Louisiana

FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(EXPRESSED IN THOUSANDS)

	2012	2011	2010	2009
GENERAL FUND (per GASB 54) *				
NONSPENDABLE	\$ 70,707	\$ 76,273	\$ --	\$ --
RESTRICTED	1,405,987	1,439,257	--	--
COMMITTED	1,809,517	2,073,954	--	--
ASSIGNED	223,490	234,052	--	--
UNASSIGNED	127,508	111,769	--	--
GENERAL FUND (prior GASB 54) **				
RESERVED	--	--	1,013,749	856,166
UNRESERVED	--	--	(49,333)	802,611
TOTAL GENERAL FUND	\$ <u>3,637,209</u>	\$ <u>3,935,305</u>	\$ <u>964,416</u>	\$ <u>1,658,777</u>
ALL OTHER GOVERNMENTAL FUNDS (per GASB 54) *				
NONSPENDABLE	\$ 2,466,207	\$ 2,479,800	\$ --	\$ --
RESTRICTED	932,411	1,056,686	--	--
COMMITTED	508,847	697,635	--	--
ALL OTHER GOVERNMENTAL FUNDS (prior GASB 54) **				
RESERVED	--	--	3,048,357	3,136,568
UNRESERVED, REPORTED IN:				
SPECIAL REVENUE FUNDS	--	--	3,586,804	4,447,259
DEBT SERVICE FUNDS	--	--	614	1,534
CAPITAL PROJECTS FUNDS	--	--	243	636
PERMANENT FUNDS	--	--	1,431,269	1,369,402
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ <u>3,907,465</u>	\$ <u>4,234,121</u>	\$ <u>8,067,287</u>	\$ <u>8,955,399</u>

* With the implementation of GASB 54 in FY 2011, fund balances are reclassified as Nonspendable, Restricted, Committed, Assigned, and Unassigned.

** Prior to FY 2011 and GASB 54, fund balances were classified as Reserved or Unreserved according to GASB 34.

Source: Office of Statewide Reporting and Accounting Policy

State of Louisiana

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
790,670	620,540	340,384	312,266	298,138	327,878
840,256	1,157,981	442,346	264,185	(10,998)	18,330
\$ <u>1,630,926</u>	\$ <u>1,778,521</u>	\$ <u>782,730</u>	\$ <u>576,451</u>	\$ <u>287,140</u>	\$ <u>346,208</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
3,948,806	4,653,805	2,250,615	2,744,131	2,055,580	2,249,286
4,634,052	4,256,788	3,383,163	2,880,995	2,389,374	2,106,328
8,645	1,399	--	--	--	2,859
849	383	21	157	204	366
1,309,646	1,258,805	1,209,392	1,207,338	1,140,736	1,128,191
\$ <u>9,901,998</u>	\$ <u>10,171,180</u>	\$ <u>6,843,191</u>	\$ <u>6,832,621</u>	\$ <u>5,585,894</u>	\$ <u>5,487,030</u>

State of Louisiana

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(EXPRESSED IN THOUSANDS)

	2012	2011	2010	2009
REVENUES				
INTERGOVERNMENTAL REVENUES	\$ 12,930,021	\$ 13,823,449	\$ 13,469,624	\$ 14,053,062
TAXES	7,927,305	7,668,449	7,462,892	8,936,444
GAMING	831,227	810,424	671,527	719,530
TOBACCO SETTLEMENT	141,240	138,518	146,841	175,503
USE OF MONEY AND PROPERTY	844,927	925,682	1,007,980	1,163,356
LICENSES, PERMITS, AND FEES	911,723	775,640	633,600	637,350
SALES OF COMMODITIES AND SERVICES	948,106	916,938	933,549	1,073,318
POLLUTION REMEDIATION SETTLEMENT	13,996	258,631	--	--
OTHER	265,458	308,458	706,121	547,335
TOTAL REVENUES	24,814,003	25,626,189	25,032,134	27,305,898
EXPENDITURES				
GENERAL GOVERNMENT	4,827,035	5,764,484	4,911,766	6,435,832
CULTURE, RECREATION, AND TOURISM	91,934	82,009	71,088	97,709
TRANSPORTATION AND DEVELOPMENT	455,333	428,301	424,007	438,634
PUBLIC SAFETY	308,651	306,984	296,083	305,054
HEALTH AND WELFARE	9,884,320	9,671,602	9,497,394	9,372,783
CORRECTIONS	601,057	620,948	612,723	666,542
YOUTH SERVICES	110,992	125,651	138,506	154,821
CONSERVATION AND ENVIRONMENT	247,954	259,065	463,913	368,850
EDUCATION	6,312,152	6,293,778	6,319,886	6,713,924
OTHER	15,840	70,541	273,669	263,915
CAPITAL OUTLAY	2,000,974	2,502,456	2,384,130	2,941,236
INTERGOVERNMENTAL	505,680	488,336	491,143	584,944
DEBT SERVICE:				
PRINCIPAL RETIREMENT	281,575	273,765	268,705	266,108
INTEREST AND FISCAL CHARGES	317,271	304,065	299,609	305,184
TOTAL EXPENDITURES	25,960,768	27,191,985	26,452,622	28,915,536
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,146,765)	(1,565,796)	(1,420,488)	(1,609,638)
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	13,395,676	13,135,572	17,218,705	18,247,948
TRANSFERS OUT	(13,318,829)	(13,133,963)	(17,077,090)	(18,105,772)
PAYMENTS TO REFUNDED BOND ESCROW AGENT	(1,596,172)	(528,128)	(125,997)	--
LONG-TERM DEBT ISSUED	1,814,570	1,169,445	399,019	424,026
LONG-TERM DEBT ISSUED - PREMIUMS	253,845	115,999	--	--
OTHER	--	--	--	3,585
TOTAL OTHER FINANCING SOURCES (USES)	549,090	758,925	414,637	569,787
NET CHANGES IN FUND BALANCES	\$ (597,675)	\$ (806,871)	\$ (1,005,851)	\$ (1,039,851)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES				
	2.5%	2.4%	2.5%	2.3%

Source: Office of Statewide Reporting and Accounting Policy

State of Louisiana

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$	14,192,359	\$ 13,389,561	\$ 9,727,962	\$ 7,669,450	\$ 7,313,906	\$ 6,824,065
	9,575,194	9,655,262	8,118,548	7,618,194	6,719,543	6,292,535
	746,993	730,812	715,446	628,757	601,762	582,795
	160,626	138,124	131,952	142,794	141,653	66,234
	1,516,763	1,242,707	710,240	849,292	557,457	827,233
	629,226	604,204	588,034	592,363	568,391	546,596
	1,067,478	1,074,537	1,320,721	983,254	905,207	910,719
	--	--	--	--	--	--
	542,653	587,956	437,717	576,553	889,689	773,508
	<u>28,431,292</u>	<u>27,423,163</u>	<u>21,750,620</u>	<u>19,060,657</u>	<u>17,697,608</u>	<u>16,823,685</u>
	8,172,304	6,473,720	4,373,467	2,300,964	2,172,105	2,121,596
	129,615	92,220	61,264	64,548	60,370	60,647
	433,359	385,408	350,486	356,665	330,164	323,289
	290,245	321,763	303,951	272,785	256,403	221,504
	8,330,132	7,564,017	7,386,464	7,408,900	7,061,555	6,625,988
	606,876	535,772	542,143	651,974	623,629	611,685
	155,475	120,926	115,369	--	--	--
	324,512	274,861	235,235	244,059	240,743	234,402
	6,587,432	5,940,907	5,253,731	5,077,793	4,929,255	4,674,987
	296,703	264,145	211,181	220,012	210,800	167,133
	2,254,867	1,696,915	1,621,367	1,184,140	1,126,958	1,159,534
	674,639	572,363	850,151	477,374	445,930	447,504
	233,460	214,559	131,835	212,956	247,278	352,402
	297,543	296,431	231,146	216,152	206,990	152,569
	<u>28,787,162</u>	<u>24,754,007</u>	<u>21,667,790</u>	<u>18,688,322</u>	<u>17,912,180</u>	<u>17,153,240</u>
	(355,870)	2,669,156	82,830	372,335	(214,572)	(329,555)
	20,460,820	20,778,329	17,110,073	14,846,799	13,211,047	12,737,089
	(20,328,601)	(21,048,455)	(16,990,096)	(14,735,078)	(13,090,239)	(12,628,493)
	(71,593)	--	--	(710,543)	--	--
	74,129	1,927,456	--	1,807,149	--	588,684
	--	--	--	--	--	--
	11,081	4,681	4,534	(58,430)	2,475	3,654
	<u>145,836</u>	<u>1,662,011</u>	<u>124,511</u>	<u>1,149,897</u>	<u>123,283</u>	<u>700,934</u>
\$	<u>(210,034)</u>	<u>4,331,167</u>	<u>207,341</u>	<u>1,522,232</u>	<u>(91,289)</u>	<u>371,379</u>
	2.1%	2.3%	1.9%	2.5%	2.8%	3.2%

State of Louisiana

INDIVIDUAL INCOME TAX (by adjusted gross income bracket) LAST SIX FISCAL YEARS

Adjusted Gross Income Class	Fiscal Year 2011			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Less than \$0	8,738	0.42%	\$ 92,453	0.00%
\$0	100,398	4.86%	1,006,349	0.04%
\$1 - 25,000	757,376	36.68%	111,535,118	4.45%
\$25,001 - 50,000	489,950	23.73%	333,260,114	13.30%
\$50,001 - 75,000	271,009	13.12%	343,648,035	13.72%
\$75,001 - 100,000	168,833	8.18%	323,064,252	12.89%
\$100,001 - 200,000	199,537	9.66%	616,660,125	24.61%
Greater than \$200,000	69,137	3.35%	776,510,880	30.99%
Totals	2,064,978	100.00%	\$ 2,505,777,326	100.00%

Adjusted Gross Income Class	Fiscal Year 2010			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Less than \$0	7,651	0.38%	\$ 110,127	0.00%
\$0	104,399	5.12%	5,196,829	0.20%
\$1 - 25,000	755,861	37.07%	109,180,282	4.24%
\$25,001 - 50,000	484,343	23.75%	330,222,000	12.82%
\$50,001 - 75,000	267,195	13.10%	342,076,594	13.29%
\$75,001 - 100,000	164,539	8.07%	320,572,328	12.45%
Greater than \$100,000	255,282	12.51%	1,468,034,921	57.00%
Totals	2,039,270	100.00%	\$ 2,575,393,081	100.00%

Adjusted Gross Income Class	Fiscal Year 2009			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Less than \$0	7,023	0.35%	\$ 92,927	0.00%
\$0	90,927	4.58%	2,792,336	0.09%
\$1 - 25,000	752,959	37.89%	108,193,148	3.67%
\$25,001 - 50,000	463,147	23.30%	358,010,146	12.13%
\$50,001 - 75,000	258,947	13.03%	389,736,911	13.21%
\$75,001 - 100,000	160,734	8.09%	378,927,045	12.84%
Greater than \$100,000	253,658	12.76%	1,713,765,336	58.06%
Totals	1,987,395	100.00%	\$ 2,951,517,849	100.00%

Note: Ten years are required; however, only six fiscal years since the publication of information.

Source: Louisiana Department of Revenue and Taxation

State of Louisiana

Adjusted Gross Income Class	Fiscal Year 2008			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Less than \$0	6,413	0.32%	\$ 206,752	0.00%
\$0	96,901	4.87%	1,469,695	0.05%
\$1 - 25,000	777,344	39.08%	109,120,876	3.76%
\$25,001 - 50,000	462,103	23.24%	357,596,517	12.31%
\$50,001 - 75,000	255,880	12.87%	389,125,059	13.39%
\$75,001 - 100,000	155,809	7.83%	373,887,537	12.87%
Greater than \$100,000	234,532	11.79%	1,674,295,571	57.62%
Totals	1,988,982	100.00%	\$ 2,905,702,007	100.00%

Adjusted Gross Income Class	Fiscal Year 2007			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Less than \$0	8,489	0.44%	\$ 156,734	0.01%
\$0	91,391	4.73%	866,990	0.03%
\$1 - 25,000	785,245	40.67%	110,039,043	4.16%
\$25,001 - 50,000	445,197	23.06%	355,021,171	13.42%
\$50,001 - 75,000	247,248	12.80%	394,310,036	14.90%
\$75,001 - 100,000	147,899	7.66%	375,040,772	14.17%
Greater than \$100,000	205,478	10.64%	1,410,540,689	53.31%
Totals	1,930,947	100.00%	\$ 2,645,975,435	100.00%

Adjusted Gross Income Class	Fiscal Year 2006			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Less than \$0	3,179	0.19%	\$ --	0.00%
\$0	49,542	3.02%	630,088	0.03%
\$1 - 25,000	743,561	45.34%	100,690,392	5.44%
\$25,001 - 50,000	386,812	23.59%	302,996,392	16.36%
\$50,001 - 75,000	204,678	12.48%	320,256,923	17.30%
\$75,001 - 100,000	114,525	6.98%	286,814,171	15.49%
Greater than \$100,000	137,531	8.40%	840,351,278	45.38%
Totals	1,639,828	100.00%	\$ 1,851,739,244	100.00%

State of Louisiana

TAX RATE BY MAJOR SOURCES OF REVENUE

TAX TYPE	COLLECTION UNIT	RATE/DESCRIPTION
<u>Alcoholic Beverage Taxes</u>		
Beer Tax	Department of Revenue	\$10 per 31-gallon barrel. This includes all alcoholic beverages with alcohol content of 6% or less and malt beverages with alcohol content more than 6%.
Liquor and Wine Tax	Department of Revenue	\$0.66 per liter on liquor; \$0.42 per liter on sparkling wine and still wines with alcoholic content more than 24%; \$0.03 per liter on still wine with alcoholic content not more than 14%; \$0.06 per liter on still wine with alcoholic content over 14% but not more than 24%.
<u>Corporation Franchise Tax</u>		
	Department of Revenue	The tax is currently assessed on the taxable base at the rate of \$1.50 per \$1,000 on the first \$300,000 and \$3.00 per \$1,000 over \$300,000. The minimum tax of \$10 per year was repealed effective for franchise taxable period beginning on or after January 1, 2010.
<u>Gasoline Tax</u>		
	Department of Revenue	\$0.20 per gallon. Petroleum Products Testing Fee – the fee for testing the quality and quantity of petroleum products is 4/32 cent per gallon.
<u>Hazardous Waste Disposal Tax</u>		
	Department of Revenue	\$30 per dry-weight ton for waste disposed of on-site, \$40 per dry-weight ton for waste disposed of off-site from where generated, and \$100 per dry-weight ton on extremely hazardous waste disposed of in Louisiana.
<u>Income Tax</u>		
Corporate Income Tax	Department of Revenue	4% on the first \$25,000 of net taxable income; 5% on the next \$25,000; 6% on the next \$50,000; 7% on the next \$100,000; and 8% on all net taxable income in excess of \$200,000.
Individual Income Tax	Department of Revenue	For taxable periods beginning after December 31, 2008, the rate of tax for taxpayers filing as single, married filing separately, or head of household is: 2% on the first \$12,500; 4% on the next \$37,500, and 6% on the taxable income above \$50,000. Married persons filing a joint return or qualifying surviving spouse are taxed at the following rates: 2% on the first \$25,000; 4% on the next \$75,000; and 6% on the taxable income above \$100,000. The combined personal exemption and standard deduction is \$4,500 for single individuals and married persons filing separately; \$9,000 for married couples filing jointly, qualified surviving spouses, and heads of households. A dependency deduction of \$1,000 is allowed for each dependent, each taxpayer and/or spouse who is 65 years of age or older, and for each taxpayer and/or spouse who is blind.
<u>Inheritance Tax</u>		
	Department of Revenue	Inheritance tax is repealed effective January 1, 2010. However, Act 822 of 2008, effective January 1, 2008, provides that inheritance taxes shall prescribe within three years from December 31st of the year in which the taxes become due. For deaths before July 1, 2004, the date the taxes become due is determined by whether an inheritance tax return has been filed. If a return has been filed, the taxes become due nine months following death. But under Act 822, if a return was not filed, taxes become due January 1, 2008, and will prescribe January 1, 2011. For those deaths occurring before July 1, 2004, for which a return has been filed, the rates are as follows: A. Inheritances of a surviving spouse are totally exempt from the tax. B. Inheritances are taxed on all amounts that exceed the following exemption per heir or legatee: Class A (lineal descendants and ascendants), \$25,000; Class B (collateral relationships such as brothers and sisters and their descendants), \$1,000; Class C (nonrelated), \$500. The tax rate for Class A is two percent of the first \$20,000 of taxable value and three percent of amounts over \$20,000 of taxable value. Class B is taxed at five percent of the first \$20,000 of taxable value and at seven percent of amounts over \$20,000 of taxable value. Class C is taxed at five percent of the first \$5,000 of taxable value and at 10 percent of amounts over \$5,000 of taxable value. C. For deaths occurring after June 30, 1998 and before July 1, 2001, the tax rates were reduced by eighteen percent; for deaths occurring after June 30, 2001, and before July 1, 2002, the tax rates were reduced by forty percent; for deaths occurring after June 30, 2002 and before July 1, 2003, the tax rates were reduced by sixty percent; for deaths occurring after June 30, 2003, and before July 1, 2004, the tax rates were reduced by eighty percent; and for deaths occurring after June 30, 2004, the tax shall not apply when judgment of possessions is rendered or when the succession is judicially opened no later than the last day of the ninth month following the death of the decedent.
<u>Insurance Excise License Tax</u>		
	Department of Insurance	A. The tax rate for life, accident, health and service is \$140 for annual premiums up to \$7,000 and \$225 for each additional \$10,000 or fraction thereof. B. The rate for fire, marine, transportation and casualty and surety is \$185 for annual premiums up to \$6,000 and \$300 for each additional \$10,000 or fraction thereof.

State of Louisiana

TAX TYPE	COLLECTION UNIT	RATE/DESCRIPTION
<u>Mineral Resources - Royalties and Bonuses</u>	Department of Natural Resources	These are not taxes. However, all oil and gas leases provide for a bonus, which is bid on at the time the lease is given. Leasehold payments, such as "delay rentals," "in-lieu royalty," and "deferred development" payments are also provided for in the lease. Annual rentals cannot, by statutory law, be less than one-half the cash bonus amount. Royalty which is bid on at the lease sale cannot, by statutory law, be less than 1/8th of the value of production. Mineral leases for solid mineral, such as sulfur, potash, salt, or lignite, provide for a royalty based on tonnage production at a market price paid per ton.
<u>Motor Vehicle - Licenses and Fees</u>	Department of Public Safety	A. The minimum vehicle registration license tax is \$20 biannually for private passenger vehicles purchased before January 1, 1990. If purchased after January 1, 1990, the registration is based on the value of the vehicle – .1% of the value of the vehicle per year; with a minimum base of \$10,000. The license plates are sold in two-year increments; therefore, the minimum price is \$20.00. The registration fee is \$40 (four-year increments) for trucks up to 6,000 pounds and the fees vary annually for trucks over 6,000 pounds depending on the use and the gross axle weight (usually from \$10 to \$480). B. Driver's license fees range from \$13.50 to \$36.00 for four years for drivers of private vehicles. Other driver's license fees may vary. C. A fee not to exceed \$3 per service or transaction, at a local field office, enacted by LRS 32:429, is used solely to defray cost of operations of that office not fully funded by the State.
<u>Natural Gas Franchise</u>	Department of Revenue	1% of the gross receipts from the operation of franchises or charters in the State.
<u>Sales Tax</u>	Department of Revenue	4% sales tax is collected on the sale, use, consumption, distribution, or storage for use or consumption of any tangible personal property, on retail sales, leases, and rentals, and on <u>certain</u> sales of services including repairs of tangible personal property; 3% aggregate sales tax is collected on intrastate telecommunications and certain prepaid telephone services; effective April 1, 2004, the sales tax rate on interstate telecommunication services was reduced to 2%. Many statutory exemptions are partially suspended and are currently taxed at the suspended rate of 1%.
<u>Severance Tax</u>	Department of Revenue	A. The tax on oil/condensate is based on the value. The full rate of oil/condensate is 12.5% of the value. The incapable oil rate is 6.25% of the value. The stripper oil rate is 3.125% of the value. Stripper oil is exempt as long as the average value is less than \$20 per barrel. B. The severance tax on natural gas is based on per thousand cubic feet. The full rate is adjusted annually on July 1, and may never be less than 7 cents per thousand cubic feet. As of July 1, 2012, the full rate is \$0.148 per thousand cubic feet at 15.025 pounds per square inch absolute. The rate on incapable oil well gas is \$0.03 per thousand cubic feet. The rate on incapable gas well gas is \$0.013 per thousand cubic feet. C. The tax rate on sulfur is \$1.03 per long-ton (2,240 pounds). D. The tax rate on salt is \$0.06 per ton. E. The tax rates on timber are 2.25% of stumpage value and 5% of stumpage value of pulpwood. F. The tax rate on shell and sand is \$0.06 per ton. G. The tax rate on stone is \$0.03 per ton. H. The tax rate on lignite is \$0.12 per ton. I. The tax rate on marble is \$0.20 per ton.
<u>Special Fuels Tax</u>	Department of Revenue	The tax on special fuels is levied at a rate of \$0.20 per gallon on motor fuels other than gasoline. It is subject to the Petroleum Products Tiesing Fee of 4/32 cents per gallon effective September 1, 2003.
<u>Surface Mining and Reclamation Fee</u>	Department of Revenue	The fee on coal and lignite mined in Louisiana is \$0.08 per ton.
<u>Tobacco Tax</u>	Department of Revenue	An excise tax is imposed on the first dealer who handles a tobacco product in the State. Cigars invoiced up to \$120 per thousand are taxed at 8% of the manufacturer's net invoice price, whereas cigars invoiced over \$120 per thousand are taxed at 20% on the net invoice price. The tax rate on smoking tobacco is computed at 33% of the invoice price to wholesalers. The tax rate on smokeless tobacco is 20% of the invoice price. The tax rate on cigarettes is \$0.018 per cigarette.
<u>Transportation and Communications Utilities Tax</u>	Department of Revenue	2% of the gross receipts from intrastate business.

State of Louisiana

PERSONAL INCOME - EARNINGS BY MAJOR INDUSTRY LAST TEN CALENDAR YEARS

(EXPRESSED IN THOUSANDS)

	2011	2010	2009	2008	2007
Private earnings:					
Health Care and Social Assistance	\$ 13,699,150	\$ 13,029,493	\$ 12,247,791	\$ 11,635,605	\$ 10,858,334
Professional, Scientific, and Technical	8,730,072	8,339,346	8,156,865	8,312,362	7,486,155
Mining	6,124,611	5,096,485	7,222,814	8,119,855	5,787,667
Construction	10,191,916	9,561,405	9,552,079	9,993,692	9,508,852
Retail Trade	8,087,269	7,770,214	7,326,500	7,535,722	7,744,462
Transportation and Warehousing	6,559,286	6,016,411	5,625,326	5,920,279	5,550,298
Manufacturing - Durable goods	5,257,344	4,825,233	4,996,495	5,468,365	5,408,224
Manufacturing - Nondurable goods	7,380,719	6,758,768	6,501,021	6,494,728	6,054,758
Wholesale Trade	5,479,840	5,157,434	5,065,263	5,318,695	5,154,869
Farm	953,157	836,006	833,800	786,867	828,479
Finance and Insurance	4,981,990	4,557,147	4,294,107	4,399,740	4,402,229
Other Services	24,239,200	23,239,428	22,324,192	22,951,905	21,884,804
Government and government enterprises:					
Federal, Civilian	3,199,357	3,208,297	3,139,003	3,055,825	2,910,690
Military	3,187,955	3,093,552	2,733,951	2,553,824	2,346,169
State and Local	17,587,770	18,095,539	17,656,744	17,068,069	15,547,958
Total Personal Income-					
Earnings by Major Industry	<u>\$ 125,659,636</u>	<u>\$ 119,584,758</u>	<u>\$ 117,675,951</u>	<u>\$ 119,615,533</u>	<u>\$ 111,473,948</u>

	2006	2005	2004	2003	2002
Private earnings:					
Health Care and Social Assistance	\$ 10,115,201	\$ 9,926,712	\$ 9,767,492	\$ 9,059,510	\$ 8,478,599
Professional, Scientific, and Technical	6,826,905	6,097,803	5,906,916	5,412,362	5,288,296
Mining	5,864,975	4,754,011	4,417,549	4,308,901	3,903,696
Construction	8,740,509	7,286,484	6,865,235	6,615,911	6,376,251
Retail Trade	7,546,051	6,953,141	6,714,091	6,527,018	6,229,731
Transportation and Warehousing	5,101,352	4,635,696	4,398,190	4,177,584	3,982,765
Manufacturing - Durable goods	4,985,639	4,493,627	4,430,189	4,378,471	4,107,496
Manufacturing - Nondurable goods	6,045,464	5,799,226	5,691,485	5,767,323	5,744,092
Wholesale Trade	4,809,101	4,438,826	4,249,075	4,000,414	3,866,444
Farm	721,221	713,911	822,360	860,755	424,004
Finance and Insurance	4,242,098	4,138,379	3,849,657	3,627,589	3,528,817
Other Services	20,469,294	19,753,321	19,154,051	18,055,960	17,574,522
Government and government enterprises:					
Federal, Civilian	2,900,953	2,871,868	2,766,813	2,613,268	2,510,959
Military	2,233,770	2,354,746	2,166,326	2,013,885	1,680,694
State and Local	14,279,615	14,463,357	13,811,689	13,159,760	12,303,482
Total Personal Income-					
Earnings by Major Industry	<u>\$ 104,882,148</u>	<u>\$ 98,681,108</u>	<u>\$ 95,011,118</u>	<u>\$ 90,578,711</u>	<u>\$ 85,999,848</u>

Source: Survey of Current Business, U.S. Department of Commerce, Bureau of Economic Analysis

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

(EXPRESSED IN THOUSANDS)

GOVERNMENTAL ACTIVITIES					
FISCAL YEAR	GENERAL OBLIGATION BONDS (1)	TIMED BONDS	TOBACCO SETTLEMENT FINANCING CORPORATION	OFFICE FACILITIES CORPORATION	OTHER (2)
2012	\$ 3,689,767	\$ 5,634,181	\$ 2,049,027	\$ 262,725	\$ 457,234
2011	3,449,859	5,884,637	2,178,345	293,409	494,007
2010	3,667,101	5,138,234	1,173,903	332,779	530,876
2009	3,691,879	4,958,754	1,264,174	377,717	567,698
2008	3,563,209	4,060,540	1,373,742	410,538	156,536
2007	3,844,626	4,158,092	1,476,119	443,363	151,732
2006	2,844,454	1,568,930	1,563,849	476,186	168,891
2005	3,033,297	1,612,998	1,648,561	504,719	181,520
2004	2,608,149	494,088	1,740,216	350,468	198,675
2003	2,876,617	545,788	1,831,987	223,226	218,719

BUSINESS-TYPE ACTIVITIES					
FISCAL YEAR	OFFICE FACILITIES CORPORATION (3)	LOUISIANA TRANSPORTATION AUTHORITY	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	TOTAL DEBT PER CAPITA (4)
2012	\$ --	\$ 328,604	\$ 12,421,538	* %	*
2011	--	330,758	12,631,015	10.05	2,761
2010	--	335,609	11,178,502	9.35	2,460
2009	--	251,041	11,111,263	9.44	2,474
2008	--	257,665	9,822,230	8.21	2,227
2007	--	267,600	10,341,532	9.28	2,409
2006	--	274,224	6,896,534	6.58	1,608
2005	--	277,889	7,258,984	7.36	1,605
2004	182,776	--	5,574,372	5.87	1,234
2003	155,826	851	5,853,014	6.46	1,302

(1) General Obligation Bonds less Reimbursable Contracts

(2) Includes Crescent City Connection, Health Education Authority, LA Correctional Facilities Corporation, Public Safety LPFA, LPFA-Industrial Development, Board of the City of New Orleans, and LPFA-Hurricane Recovery Revenue Bonds

(3) Part of Office Facilities Corporation was an enterprise fund, then reclassified to a governmental fund in fiscal year 2004-2005.

(4) Debt Per Capita = Total Primary Government / Population

Bonds are backed by revenue sources except for the General Obligation Bonds.
If the other bonds default, then the state pays the principal and interest.

* Information not yet available

State of Louisiana

LEGAL DEBT MARGIN AND DEBT LIMITATIONS LAST TEN FISCAL YEARS

(EXPRESSED IN THOUSANDS)

	2012	2011	2010	2009
LEGAL DEBT MARGIN				
BOND AUTHORIZATION LIMITATION	\$ 22,551,477	\$ 23,423,522	\$ 25,194,775	\$ 26,856,498
TOTAL NET DEBT APPLICABLE TO LIMITATION	<u>2,543,225</u>	<u>2,205,655</u>	<u>2,099,285</u>	<u>2,076,570</u>
LEGAL DEBT MARGIN	<u>\$ 20,008,252</u>	<u>\$ 21,217,867</u>	<u>\$ 23,095,490</u>	<u>\$ 24,779,928</u>
TOTAL NET DEBT APPLICABLE TO THE LIMIT AS A PERCENTAGE OF DEBT LIMIT	11.28%	9.42%	8.33%	7.73%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2012

BSRF REVENUES (3 YEARS)	\$ 33,827,215
DEBT LIMIT CALCULATION (Revenues divided by 3 times 2)	22,551,477
DEBT APPLICABLE TO LIMIT:	
GENERAL OBLIGATION BONDS	<u>2,543,225</u>
LEGAL DEBT MARGIN	<u>\$ 20,008,252</u>

TAX-SUPPORTED DEBT LIMITATION

ESTIMATED GENERAL FUND AND DEDICATED FUND REVENUE PER REVENUE ESTIMATING	\$ 9,926,000	\$ 9,486,200	\$ 9,868,300	\$ 11,144,900
PERCENTAGE ESTABLISHED PER LRS 39:1367	<u>6.00%</u>	<u>6.00%</u>	<u>6.00%</u>	<u>6.00%</u>
NET STATE TAX-SUPPORTED DEBT LIMIT	<u>595,560</u>	<u>569,172</u>	<u>592,098</u>	<u>668,694</u>
TOTAL NET STATE TAX-SUPPORTED DEBT PAID	<u>\$ 518,024</u>	<u>\$ 509,161</u>	<u>\$ 483,010</u>	<u>\$ 421,408</u>
PERCENTAGE OF ESTIMATED GENERAL FUND AND DEDICATED FUND REVENUES PER REVENUE ESTIMATING	5.22%	5.37%	4.89%	3.78%

GENERAL OBLIGATION DEBT LIMITATION

THREE YEAR AVERAGE BOND SECURITY REVENUES	\$ 11,275,738	\$ 11,711,761	\$ 12,597,387	\$ 13,428,249
PERCENTAGE DEBT LIMITATION	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>
GENERAL OBLIGATION DEBT LIMITATION	<u>1,127,574</u>	<u>1,171,176</u>	<u>1,259,739</u>	<u>1,342,825</u>
HIGHEST CURRENT OR FUTURE ANNUAL GENERAL OBLIGATION DEBT SERVICE REQUIREMENT	<u>\$ 298,833</u>	<u>\$ 281,732</u>	<u>\$ 322,987</u>	<u>\$ 265,315</u>
PERCENTAGE OF THE GENERAL OBLIGATION DEBT SERVICE REQUIREMENT	26.50%	24.06%	25.64%	19.76%

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 26,233,962	\$ 24,443,616	\$ 22,239,690	\$ 20,693,990	\$ 20,742,360	\$ 20,458,126
<u>2,233,980</u>	<u>2,383,665</u>	<u>2,038,810</u>	<u>2,121,610</u>	<u>1,846,790</u>	<u>2,010,977</u>
<u>\$ 23,999,982</u>	<u>\$ 22,059,951</u>	<u>\$ 20,200,880</u>	<u>\$ 18,572,380</u>	<u>\$ 18,895,570</u>	<u>\$ 18,447,149</u>
8.52%	9.75%	9.16%	10.25%	8.90%	9.83%
\$ 10,470,000	\$ 8,949,200	\$ 9,005,330	\$ 8,325,500	\$ 7,889,700	\$ 7,837,100
<u>6.00%</u>	<u>6.00%</u>	<u>6.00%</u>	<u>6.00%</u>	<u>6.00%</u>	<u>6.50%</u>
<u>628,200</u>	<u>536,952</u>	<u>540,320</u>	<u>499,530</u>	<u>473,382</u>	<u>509,412</u>
<u>\$ 425,828</u>	<u>\$ 432,818</u>	<u>\$ 289,724</u>	<u>\$ 348,715</u>	<u>\$ 373,134</u>	<u>\$ 479,909</u>
4.07%	4.84%	3.22%	4.19%	4.73%	6.13%
\$ 13,116,981	\$ 12,221,817	\$ 11,119,845	\$ 10,346,995	\$ 10,371,180	\$ 10,229,060
<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>
<u>1,311,698</u>	<u>1,222,182</u>	<u>1,111,985</u>	<u>1,034,700</u>	<u>1,037,118</u>	<u>1,022,906</u>
<u>\$ 265,766</u>	<u>\$ 266,212</u>	<u>\$ 240,685</u>	<u>\$ 240,685</u>	<u>\$ 264,601</u>	<u>\$ 268,395</u>
20.26%	21.78%	21.64%	23.26%	25.51%	26.24%

State of Louisiana

REVENUE BOND COVERAGE LAST TEN FISCAL YEARS

(EXPRESSED IN THOUSANDS EXCEPT COVERAGE RATIO)

	FISCAL YEAR ENDED JUNE 30	GROSS REVENUE	DIRECT OPERATING EXPENSES	AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	ANNUAL DEBT SERVICE	COVERAGE RATIO
PRIMARY GOVERNMENT:								
PUBLIC FACILITIES BONDS:								
Louisiana Correctional Facilities Corporation	2012	\$ 805	\$ 198	\$ 607	\$ 1,695	\$ 805	\$ 2,500	0.24
	2011	880	2,315	(1,435)	1,630	879	2,509	(0.57)
	2010	931	564	367	1,565	943	2,508	0.15
	2009	1,151	144	1,007	1,570	1,092	2,662	0.38
	2008	1,055	58	997	5,335	1,055	6,390	0.16
	2007	1,081	147	934	5,075	857	5,932	0.16
	2006	1,271	161	1,110	4,840	1,097	5,937	0.19
	2005	1,474	34	1,440	4,610	1,326	5,936	0.24
	2004	3,413	904	2,509	4,410	1,526	5,936	0.42
	2003	9,967	133	9,834	38,705	2,524	41,229	0.24
Louisiana Office Facilities Corporation	2012	\$ 31,464	\$ 25,443	\$ 6,021	\$ 18,290	\$ 10,567	\$ 28,857	0.21
	2011	36,012	25,003	11,009	17,955	11,853	29,808	0.37
	2010	35,008	23,852	11,156	20,005	9,742	29,747	0.37
	2009	40,644	22,663	17,981	18,055	14,767	32,822	0.55
	2008	43,627	22,091	21,536	17,310	15,515	32,825	0.66
	2007	43,997	20,975	23,022	16,580	16,242	32,822	0.70
	2006	32,529	13,411	19,118	11,680	16,854	28,534	0.67
	2005	33,618	15,555	18,063	11,160	17,364	28,524	0.63
	2004	30,975	21,433	9,542	10,700	15,415	26,115	0.37
	2003	22,844	11,952	10,892	6,775	13,001	19,776	0.55
COMPONENT UNITS:								
HOUSING LOAN BONDS:								
Louisiana Housing Corporation	2012	\$ 21,631	\$ 11,379	\$ 10,252	\$ 2,460	\$ 788	\$ 3,248	3.16
	2011	43,771	13,205	30,566	7,445	1,161	8,606	3.55
	2010	33,522	13,155	20,367	2,145	1,280	3,425	5.95
	2009	23,462	14,236	9,226	6,572	2,924	9,496	0.97
	2008	17,807	12,284	5,523	12,390	4,055	16,445	0.34
	2007	21,931	10,405	11,526	21,140	2,795	23,935	0.48
	2006	18,716	12,599	6,117	39,965	2,843	42,808	0.14
	2005	14,398	7,494	6,904	4,005	4,299	8,304	0.83
	2004	11,956	7,967	3,989	1,625	604	2,229	1.79
	2003	13,630	6,445	7,185	465	569	1,034	6.95
INFRASTRUCTURE BONDS:								
Greater Baton Rouge Port Commission *	2012	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	--
	2011	--	--	--	--	--	--	--
	2010	--	--	--	--	--	--	--
	2009	--	--	--	--	--	--	--
	2008	--	--	--	--	--	--	--
	2007	--	--	--	--	--	--	--
	2006	--	--	--	--	--	--	--
	2005	4,980	4,919	61	320	433	753	0.08
	2004	4,827	4,025	802	300	455	755	1.06
	2003	5,280	3,850	1,430	285	477	762	1.88
Greater New Orleans Expressway Commission	2012	\$ 21,483	\$ 13,699	\$ 7,784	\$ 2,200	\$ 2,456	\$ 4,656	1.67
	2011	25,530	14,980	10,550	1,130	2,618	3,748	2.81
	2010	22,662	15,430	7,232	1,955	2,785	4,740	1.53
	2009	23,444	16,622	6,822	1,905	2,848	4,753	1.44
	2008	23,771	14,028	9,743	1,835	2,886	4,721	2.06
	2007	20,402	15,235	5,167	1,760	2,981	4,741	1.09
	2006	14,276	10,925	3,351	1,750	3,013	4,763	0.70
	2005	16,090	11,024	5,066	1,230	1,961	3,191	1.59
	2004	15,934	8,935	6,999	650	3,709	4,359	1.61
	2003	15,130	8,275	6,855	5,795	3,867	9,662	0.71

* Greater Baton Rouge Port Commission reclassified the bonds payable as notes payable in fiscal year 2005-2006.

Source: Office of Statewide Reporting and Accounting Policy

	FISCAL YEAR ENDED JUNE 30	GROSS REVENUE	DIRECT OPERATING EXPENSES	AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	ANNUAL DEBT SERVICE	COVERAGE RATIO
Levee Districts	2012	\$ 73,110	\$ 58,198	\$ 14,912	\$ 4,085	\$ 268	\$ 4,353	3.43
	2011	74,351	52,626	21,725	2,075	686	2,761	7.87
	2010	73,854	50,941	22,913	46,320	2,942	49,262	0.47
	2009	57,627	64,895	(7,268)	7,855	3,340	11,195	(0.65)
	2008	59,394	27,927	31,467	7,010	3,300	10,310	3.05
	2007	15,654	22,937	(7,283)	6,430	3,846	10,276	(0.71)
	2006	12,734	27,526	(14,792)	5,970	3,948	9,918	(1.49)
	2005	18,629	33,903	(15,274)	5,605	4,232	9,837	(1.55)
	2004	18,944	31,977	(13,033)	3,145	1,852	4,997	(2.61)
	2003	20,892	32,214	(11,322)	2,205	1,983	4,188	(2.70)
Sabine River Authority	2012	\$ 8,482	\$ 5,947	\$ 2,535	\$ 900	\$ 336	\$ 1,236	2.05
	2011	7,945	5,748	2,197	865	156	1,021	2.15
	2010	12,628	5,784	6,844	820	191	1,011	6.77
	2009	8,046	5,893	2,153	2,370	195	2,565	0.84
	2008	8,764	5,791	2,973	730	288	1,018	2.92
	2007	5,755	4,129	1,626	695	274	969	1.68
	2006	4,581	4,457	124	660	386	1,046	0.12
	2005	6,581	4,253	2,328	630	282	912	2.55
	2004	6,282	3,603	2,679	9,035	724	9,759	0.27
	2003	6,042	4,030	2,012	1,985	473	2,458	0.82
PUBLIC FACILITIES BONDS:								
Louisiana Agricultural Finance Authority	2012	\$ 15,437	\$ 69,006	\$ (53,569)	\$ 9,197	\$ 2,507	\$ 11,704	(4.58)
	2011	16,282	5,186	11,096	9,082	3,034	12,116	0.92
	2010	12,284	5,106	7,178	2,222	3,300	5,522	1.30
	2009	14,764	6,980	7,784	17,222	10,976	28,198	0.28
	2008	10,563	7,529	3,034	300	4,684	4,984	0.61
	2007	7,474	10,286	(2,812)	--	1,171	1,171	(2.40)
	2006	22,866	14,270	8,596	7,608	266	7,874	1.09
	2005	4,624	5,364	(740)	841	929	1,770	(0.42)
	2004	5,791	6,379	(588)	275	72	347	(1.69)
	2003	1,937	3,679	(1,742)	7,275	79	7,354	(0.24)
Louisiana Stadium and Exposition District	2012	\$ 60,879	\$ 63,824	\$ (2,945)	\$ --	\$ 19,681	\$ 19,681	(0.15)
	2011	92,980	60,437	32,543	--	12,619	12,619	2.58
	2010	81,538	60,169	21,369	--	20,748	20,748	1.03
	2009	73,602	55,384	18,218	--	8,692	8,692	2.10
	2008	36,530	55,347	(18,817)	--	5,193	5,193	(3.62)
	2007	25,569	37,868	(12,299)	--	6,904	6,904	(1.78)
	2006	7,404	19,517	(12,113)	4,580	9,586	14,166	(0.86)
	2005	25,130	43,596	(18,466)	4,545	9,820	14,365	(1.29)
	2004	30,597	45,581	(14,984)	4,120	9,663	13,783	(1.09)
	2003	32,112	48,331	(16,219)	3,905	9,876	13,781	(1.18)
STUDENT UNIVERSITY BONDS:								
Colleges and Universities	2012	\$ 1,184,231	\$ 4,858,001	\$ (3,673,770)	\$ 55,429	\$ 64,667	\$ 120,096	(30.59)
	2011	1,078,442	4,992,124	(3,913,682)	34,885	67,588	102,473	(38.19)
	2010	979,671	4,951,958	(3,972,287)	44,420	60,966	105,386	(37.69)
	2009	918,590	3,743,593	(2,825,003)	69,281	59,746	129,027	(21.89)
	2008	901,920	3,610,696	(2,708,776)	82,711	55,265	137,976	(19.63)
	2007	909,169	3,040,456	(2,131,287)	24,406	34,629	59,035	(36.10)
	2006	851,690	4,036,354	(3,184,664)	15,728	22,043	37,771	(84.32)
	2005	848,806	2,916,686	(2,067,880)	75,675	21,739	97,414	(21.23)
	2004	757,334	2,687,044	(1,929,710)	32,430	20,773	53,203	(36.27)
	2003	669,838	2,502,360	(1,832,522)	51,851	13,611	65,462	(27.99)

State of Louisiana

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN CALENDAR YEARS

YEAR	POPULATION (A)(B)(1)	PERSONAL INCOME (A)(1)	PER CAPITA PERSONAL INCOME (C)(1)	MEDIAN AGE (2)
2011	4,575	\$ 176,356,255	\$ 38,549	35.9
2010	4,544	168,230,509	37,021	35.8
2009	4,492	168,544,450	37,520	35.4
2008	4,411	160,658,930	36,424	35.6
2007	4,293	153,569,577	35,770	35.6
2006	4,288	134,504,614	31,369	35.7
2005	4,524	111,200,646	24,582	35.2
2004	4,516	122,913,214	27,581	34.9
2003	4,496	116,176,096	26,038	34.7
2002	4,483	112,709,180	25,370	34.5

YEAR	CIVILIAN LABOR FORCE (A)(3)	LOUISIANA UNEMPLOYMENT RATE (3)	U.S. UNEMPLOYMENT RATE (3)
2011	2,060	7.3%	8.9%
2010	2,082	7.5	9.6
2009	2,068	6.8	9.3
2008	2,079	4.6	5.8
2007	1,998	3.8	4.6
2006	1,990	4.0	4.6
2005	2,077	6.7	5.1
2004	2,058	5.7	5.5
2003	2,037	6.6	6.0
2002	2,006	6.1	5.8

(A) Expressed in thousands

(B) Population figures are estimated and are revised yearly;
however, only the original estimates are reported here

(C) Expressed in dollars

Sources: (1) Survey of Current Business, U.S. Department of Commerce, Bureau of Economic Analysis
(2) U.S. Census Bureau
(3) U.S. Department of Labor, Bureau of Labor Statistics

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

2012 EMPLOYERS	RANGE
STATE OF LOUISIANA (1)	45,000+
LOUISIANA STATE UNIVERSITY SYSTEM (2)	22,000+
OCHSNER HEALTH SYSTEM	12,000+
UNIVERSITY OF LOUISIANA SYSTEM (2)	5,000 - 9,999
NORTHROP GRUMMAN SHIP SYSTEMS	5,000 - 9,999
WILLIS KNIGHTON HEALTH SYSTEM	5,000 - 9,999
HILTON-NEW ORLEANS RIVERSIDE	5,000 - 9,999
LAFAYETTE MEDICAL CENTER	5,000 - 9,999
OUR LADY OF THE LAKE MEDICAL CENTER	5,000 - 9,999
TULANE UNIVERSITY	5,000 - 9,999
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM (2)	5,000 - 9,999
SOUTHERN UNIVERSITY SYSTEM (2)	1,000 - 4,999
US POST OFFICE	1,000 - 4,999
ACADIAN AMBULANCE SERVICE	1,000 - 4,999
HARRAH'S ENTERTAINMENT	1,000 - 4,999

2003 EMPLOYERS *
WAL-MART STORES, INC.
WINN DIXIE LOUISIANA, INC.
THE HIBERNIA NATIONAL BANK
EXXON MOBIL CORPORATION
AVONDALE SHIPYARDS
BELLSOUTH TELECOMMUNICATIONS
TULANE UNIVERSITY
WILLIS-KNIGHTON MEDICAL CENTER, INC.
BURGER KING, CORP.
ALTON OCHSNER FOUNDATION HOSPITAL
SEARS ROEBUCK & CO.
OUR LADY OF THE LAKE MEDICAL CENTER
THE HOME DEPOT
DILLARDS DEPARTMENT STORES, INC.
INTERNATIONAL PAPER CO., INC.

* 2003 employer list is from the Office of Statewide Reporting and Accounting
Policy archive files - range information is not available and limited to private employers.

- (1) Government - Primary
- (2) Government - Component Unit

Note: Louisiana Workforce Commission is no longer able to provide largest employer information due to tighter confidentiality regulations of the Bureau of Labor Statistics.

State of Louisiana

LOUISIANA STATE EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	2012	2011	2010	2009
GENERAL GOVERNMENT				
CLASSIFIED	6,315	6,422	6,691	6,410
UNCLASSIFIED	3,772	3,814	3,850	4,056
CULTURE, RECREATION, AND TOURISM				
CLASSIFIED	595	604	659	667
UNCLASSIFIED	579	532	525	567
TRANSPORTATION AND DEVELOPMENT				
CLASSIFIED	4,441	4,466	4,479	4,668
UNCLASSIFIED	101	91	98	144
PUBLIC SAFETY				
CLASSIFIED	2,548	2,645	2,811	2,836
UNCLASSIFIED	239	173	156	111
HEALTH AND WELFARE				
CLASSIFIED	12,200	13,346	15,084	16,965
UNCLASSIFIED	1,238	1,142	1,368	1,455
CORRECTIONS				
CLASSIFIED	5,075	5,179	5,684	6,145
UNCLASSIFIED	186	142	140	147
YOUTH SERVICES *				
CLASSIFIED	918	916	971	1,012
UNCLASSIFIED	110	110	93	155
CONSERVATION AND ENVIRONMENT				
CLASSIFIED	1,928	1,971	2,006	2,166
UNCLASSIFIED	145	138	160	183
EDUCATION				
CLASSIFIED	922	1,011	1,004	1,140
UNCLASSIFIED	2,058	2,302	2,446	2,923
COLLEGES AND UNIVERSITIES				
CLASSIFIED	15,563	16,603	17,478	18,209
UNCLASSIFIED	24,428	24,717	26,899	27,807
OTHER				
CLASSIFIED	1,526	1,567	1,545	1,794
UNCLASSIFIED	976	983	953	926
TOTAL	85,863	88,874	95,100	100,486

* Office of Youth Services moved from Corrections in FY 2006.

Source: Louisiana Department of State Civil Service

State of Louisiana

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
6,456	6,322	6,138	6,414	6,282	6,343
4,036	4,273	4,229	4,165	4,030	4,082
690	665	594	715	722	708
562	406	352	676	664	665
4,536	4,641	4,705	5,005	5,168	5,228
171	122	96	92	103	105
2,827	2,833	2,835	2,890	2,892	2,834
88	96	85	93	125	113
16,875	16,835	16,373	17,688	17,687	17,840
1,509	1,341	1,030	1,091	1,020	1,010
6,136	5,902	5,794	7,370	7,378	7,660
331	334	256	546	583	536
1,039	1,005	1,029	--	--	--
203	179	175	--	--	--
2,152	2,162	2,098	2,239	2,235	2,219
177	177	146	244	255	262
1,158	1,133	1,135	1,269	1,249	1,194
3,017	2,331	1,091	1,165	1,162	1,357
17,931	17,076	16,129	19,759	19,995	20,634
27,813	26,613	25,716	27,663	26,887	26,394
1,793	1,830	2,040	2,189	2,261	2,270
973	979	898	827	808	768
<u>100,473</u>	<u>97,255</u>	<u>92,944</u>	<u>102,100</u>	<u>101,506</u>	<u>102,222</u>

State of Louisiana

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN YEARS

	2012	2011	2010	2009
GENERAL GOVERNMENT				
AGRICULTURE - CROPS (in thousands) - [1]	*	\$2,206,244	\$1,935,528	\$1,761,590
AGRICULTURE - LIVESTOCK (in thousands) - [1]	*	\$968,934	\$977,025	\$777,568
AGRICULTURE - TIMBER (in thousands) - [1]	*	\$446,905	\$417,493	\$408,112
ELECTIONS - REGISTERED VOTERS (in thousands) - [1]	*	2,861	2,941	2,916
REVENUE - TAX RETURNS FILED (in thousands) - [2]	3,952	4,332	4,538	4,663
REVENUE - TAX RETURNS FILED ELECTRONICALLY - [2]	61%	48%	53%	48%
CULTURE, RECREATION, AND TOURISM				
STATE PARKS VISITORS (in thousands) - [2]	2,151	2,242	2,069	2,079
TRANSPORTATION AND DEVELOPMENT				
NUMBER OF BRIDGES	13,095	13,016	13,166	13,154
PUBLIC SAFETY				
STATE POLICE ROAD PATROL MILEAGE (in thousands) - [2]	11,305	13,055	13,615	14,373
HEALTH AND WELFARE				
DHH - MEDICAID CLAIMS PROCESSED (in thousands) - [2]	60,498	64,703	62,618	57,261
DHH - CHILDREN IMMUNIZED - [3]	*	95%	95%	99%
CORRECTIONS				
AVERAGE DAILY COST PER INMATE BED - [2]	\$54.82	\$55.77	\$55.54	\$61.49
CONSERVATION AND ENVIRONMENT				
WLF - FISH AND SHELLFISH (in thousands) - [1]	*	\$238,481	\$188,355	\$241,611
WLF - ALLIGATOR AND GAME (in thousands) - [1]	*	*	\$38,523	\$51,234
WLF - HUNTER DAYS ANNUALLY (in millions) - [1]	*	5.8	5.0	4.9
WLF - LICENSED COMMERCIAL FISHERMEN - [1]	*	14,301	14,396	12,266
EDUCATION				
GRADES K-12 (number of students) - [3]	*	673,968	666,901	656,696
AVERAGE ACT SCORE - [4]	20.3	20.2	20.1	20.1
START PRINCIPAL DEPOSITS (in thousands, cumulative) - [1]	*	\$52,720	\$50,852	\$45,575
TOPS TUITION AWARDS (in thousands) - [2]	\$166,886	\$144,450	\$129,868	\$123,032
TOPS AWARDS RECIPIENTS (number of students) - [2]	44,433	43,782	42,375	43,203
COLLEGES & UNIVERSITIES (number of students) - [5]	*	225,835	225,198	220,381

* Information for this year is not yet available

** Restated

Sources: [1] based on calendar years
[2] based on fiscal years
[3] based on school year reported on October 1
[4] based on graduating class
[5] based on preliminary reported on September 1

2008	2007	2006	2005	2004	2003
\$1,984,873	\$1,768,902	\$1,321,910	\$1,204,605	\$1,347,810	\$1,296,021
\$1,049,816	\$941,322	\$864,269	\$920,093	\$877,993	\$697,345
\$471,227	\$558,445	\$727,747	\$581,709	\$593,094	\$605,357
2,945	2,838	2,894	2,845	2,820	2,787
4,686	4,702	3,848	4,061	4,195	3,949
45%	45%	41%	32%	25%	17%
1,784	1,678	1,596	2,183	2,087	2,064
13,157	13,175	13,181	13,206	13,223	13,249
10,699	9,262	10,119	10,204	10,904	10,447
51,089	64,914	46,725	51,930	47,133	40,399
93.3%	96.0%	95.3%	95.0%	92.3%	90.4%
\$56.25	\$48.97	\$47.00	\$48.99	\$44.97	\$43.38
\$235,494	\$289,536	\$270,633	\$251,895	\$275,634	\$271,113
\$58,882	\$74,149	\$64,370	\$52,617	\$44,748	\$37,252
4.9	5.1	5.0	5.0	--	5.8
11,207	11,785	12,095	14,120	15,832	17,070
629,264	632,923	636,233	587,205	701,471	705,534
20.3	20.1	20.1	19.8	19.8	19.6
\$182,970	\$171,689	\$127,082	\$93,217	\$63,049	\$37,317
\$117,146	\$121,660	\$116,203	\$118,882	\$110,926	\$103,729
42,031	43,952	42,130	42,435	41,034	40,107
207,760	198,016	195,380	205,300	214,345	210,527

State of Louisiana

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008
CULTURE, RECREATION, AND TOURISM					
STATE PARKS	26	26	26	25	25
STATE PARKS (ACREAGE)	34,215	34,639	34,215	32,428	32,181
STATE HISTORIC SITES	22	22	22	20	20
STATE HISTORIC SITES (ACREAGE)	2,676	2,676	2,676	2,557	2,557
TRANSPORTATION AND DEVELOPMENT					
STATE HIGHWAYS (MILES)	16,655	16,667	16,678	16,682	16,685
PARISH ROADS (MILES)	32,589	33,375	33,580	31,560	33,366
CITY STREETS (MILES)	11,335	11,559	11,056	12,836	11,010
BRIDGES ON STATE HIGHWAYS	8,013	7,983	7,984	7,934	7,931
BRIDGES OFF STATE HIGHWAYS	5,030	5,033	5,182	5,220	5,226
PUBLIC SAFETY					
TROOPS	9	9	9	9	9

	2007	2006	2005	2004	2003
CULTURE, RECREATION, AND TOURISM					
STATE PARKS	24	24	24	24	24
STATE PARKS (ACREAGE)	30,984	30,984	30,984	30,984	30,664
STATE HISTORIC SITES	20	20	21	21	21
STATE HISTORIC SITES (ACREAGE)	2,539	2,539	2,617	2,617	2,617
TRANSPORTATION AND DEVELOPMENT					
STATE HIGHWAYS (MILES)	16,691	16,691	16,697	16,694	16,699
PARISH ROADS (MILES)	33,280	33,319	33,332	33,311	33,311
CITY STREETS (MILES)	10,949	10,935	10,921	10,932	10,907
BRIDGES ON STATE HIGHWAYS	7,914	7,889	7,899	7,887	7,875
BRIDGES OFF STATE HIGHWAYS	5,261	5,292	5,307	5,336	5,374
PUBLIC SAFETY					
TROOPS	9	9	9	9	9

- Sources: 1. Louisiana Department of Culture, Recreation, and Tourism,
Office of Tourism and Office of State Parks
2. Louisiana Department of Transportation and Development,
Traffic and Planning Section and Bridge Maintenance Section
3. Louisiana Department of Public Safety and Corrections,
Office of State Police

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